

GENERAL TERMS AND CONDITIONS

1. Definitions

“Airworthiness Authority” shall mean an authority which has been given regulatory and executive tasks in the field of aviation safety.

“Airworthiness Directive” shall mean a mandatory directive of an Airworthiness Authority.

“AOG Order” shall mean any Purchase Order for Spare Parts with such expedite notification as per WASG. Unless otherwise agreed between the Parties, the supplier response time as per WASG shall apply. For the avoidance of doubt, the delivery expectations as per WASG shall not apply.

“Buyer” shall mean the purchaser of the Seats and/or Spare Parts.

“Buyer Furnished Equipment” or “BFE” shall mean all parts provided either by Buyer or the aircraft manufacturer or by any other party for installation into the Seats. Fit check parts for installation used for the development of the Seat shall be deemed to be BFE.

“Critical Order” shall mean any Purchase Order for Spare Parts with such expedite notification as per WASG. Unless otherwise agreed between the Parties, the supplier response time as per WASG shall apply. For the avoidance of doubt, the delivery expectations as per WASG shall not apply.

“Day(s)” shall mean calendar days.

“Expedite Order” shall mean any Purchase Order for Spare Parts with such expedite notification as per WASG. Unless otherwise agreed between the Parties, the supplier response time as per WASG shall apply. For the avoidance of doubt, the delivery expectations as per WASG shall not apply.

“General Terms and Conditions” or “GTC” shall mean these general terms and conditions.

“Offer” shall mean the offer issued by RECARO.

“Party” shall mean RECARO or Buyer individually and “Parties” shall mean RECARO and Buyer collectively.

“Purchase Agreement” shall mean these General Terms and Conditions (hereinafter referred to as “GTC”) together with the applicable Offer and/or the applicable individual agreement, e.g. Statement of Work.

“Purchase Order” shall mean the purchase order for Seats and/ or Spare Parts issued by Buyer and confirmed by RECARO.

“RECARO” shall mean one (1) or more of the following companies, as applicable: RECARO Aircraft Seating GmbH & Co. KG, RECARO Aircraft Seating Americas, Inc., RECARO Aircraft Seating (China) Co., Ltd., RECARO Aircraft Seating Asia Pacific Co., Ltd., RECARO Aircraft Seating Polska Sp. z o.o., and any of the companies or entities directly or indirectly controlled by Supplier, its or their authorized proxy, and its or their direct or subsequent successors.

“Recommended Spare Parts List” or “RSPL” shall mean the final initial provisioning recommendation documentation issued by RECARO.

“Routine Order” shall mean any Purchase Order for Spare Parts without expedite notification as per WASG and as such referring to the standard lead time per RECARO’s Spare Parts price list. The Parties may agree to deliver the ordered material with an extended lead time which means that the delivery has been agreed to a date later than the standard lead time.

“Seat” shall mean an aircraft passenger seat as specified in the Purchase Agreement and delivered by RECARO or on behalf of RECARO.

“Spare Part” shall mean the Seat or any part thereof required for maintenance, rework, repair, modification, overhaul, refurbishment or replacement of the Seat delivered by RECARO or on behalf of RECARO.

“Statement of Work” or “SOW” shall mean the organizational document which may be executed by the Parties describing the program for the design and manufacture of the Seats and or Spare Parts for installation in one or more Aircraft and which may include additional and also deviating terms.

“Support Period” shall be the period during which RECARO’s Seats of the same type are installed in five (5) aircraft which are in regular operation by Buyer.

“World Airlines and Suppliers Guide” or “WASG” shall mean the World Airlines and Suppliers Guide issued by the ATA (Issue 2000).

2. Order of Precedence

These GTC supersede all conditions issued earlier by RECARO and all terms and conditions issued by Buyer. In the event the terms of these GTC are in any way contradictory to the terms of the individual agreement e.g. Statement of Work, the terms of the individual agreement shall prevail. In the event the terms of the Purchase Order are in any way contradictory to the terms of the Purchase Agreement, the terms of the Purchase Agreement shall prevail.

3. Duties of RECARO

RECARO shall be responsible for the design and manufacture of the Seats and Spare Parts in accordance with the requirements set out in the Purchase Agreement. RECARO will make available Seats as specified in the Purchase Agreement for inspection and final acceptance at the First Article Inspection at least one (1) week prior to the free carrier (Incoterms 2010) delivery date of the Seats per aircraft model. All other deliveries of RECARO shall be performed according to the delivery schedule defined in the Purchase Agreement. The acceptance and the acceptance procedure shall be subject to the Purchase Agreement between RECARO and Buyer. Acceptance of the Seats or Spare Parts shall be deemed to be given if Buyer does not reject acceptance within seven (7) Days after the date of receipt of the Seats or Spare Parts for inspection and final acceptance.

4. Export Control

The Seats or Spare Parts or parts thereof may be subject to any restrictions imposed by any applicable national and/ or international export control laws and regulations (hereafter referred to as "Export Regulations"), which may include U.S. export laws and regulations, and the Parties acknowledge that diversion contrary to such Export Regulations is prohibited. The obligation of RECARO to fulfil the Purchase Agreement shall be subject to the condition that RECARO is not prevented from fulfilling such obligation due to any Export Regulations.

For BFE

- a. Buyer shall provide RECARO with a completed export form identifying any part of the BFE which is subject to current Export Regulations;
- b. during the term of the Purchase Agreement, in case of a change in Export Regulations, Buyer shall provide an updated export form;
- c. Buyer shall provide RECARO with all information concerning such applicable Export Regulations as well as with any assistance RECARO may request in implementing such applicable Export Regulations;
- d. where all or part of the BFE is subject to export licensing procedures, Buyer shall ensure that an export license or similar documentation is issued by the relevant authorities on time. Buyer shall ensure that the export control number according to the applicable Export Regulations is stated on all delivery notices and invoices.

Whenever all or part of the BFE is subject to Export Regulations, and if Buyer does not provide in due time all relevant official approvals, licenses and authorizations required for the worldwide export and delivery of the BFE to RECARO, RECARO shall have the right to reject the installation of such BFE.

5. World Airlines and Suppliers Guide

RECARO agrees to comply with the objectives of the WASG as far as the terms and conditions contained herein refer directly to the provisions of the WASG.

6. Seat Prices

Seat prices and validity of Seat prices are stated in the Offer and/or in the individual agreement.

7. Spare Parts Prices

RECARO shall issue a price list for Spare Parts in accordance with ATA Specification 100 Technical Data effective for a minimum of twelve (12) months. A minimum package quantity, a minimum order value for initial and for subsequent orders and specific charges for AOG Orders will be defined in the Spare Parts price list. All prices for Spare Parts shall be net free carrier (Incoterms 2010) at the facility designated by RECARO and valid for at least a period of twelve (12) months from the effective date of the price list, if not otherwise stated in a subsequent written agreement. A ninety (90) Days prior notice will be given on all price changes by means of a new price list.

8. Payment

Payment against RECARO's invoice shall be effected within fourteen (14) Days net upon the date of the invoice. In case of late payments of Buyer, RECARO shall be entitled to charge interest on overdue accounts of nine (9) percentage points per year above the main re-finance rate of the European Central Bank from the due date. The applicable main re-finance rate of the European Central Bank shall be the rate published by the European Central Bank on the first Day of delay. Furthermore RECARO shall have the right to change the payment terms for the following deliveries.

9. Changes proposed by Buyer

If Buyer requests changes to the Seats and/ or Spare Parts including but not limited to changes in material, styling or design in writing by completing and signing a Change Request ("CR"), RECARO shall evaluate the feasibility of the CR. In the event RECARO decides that the CR is feasible, RECARO shall issue a Master Change Proposal ("MCP") with cost, weight and time impact to Buyer in an appropriate time. RECARO and Buyer shall agree upon the change(s) to be implemented. RECARO shall execute the change(s) only after receipt of the MCP signed by Buyer.

10. Changes proposed by RECARO

RECARO may recommend to Buyer changes with respect to the Seats and/ or Spare Parts. In terms of such change, RECARO shall issue a MCP with cost, weight and time impact to Buyer in an appropriate time. RECARO and Buyer shall agree upon the change(s) to be implemented. RECARO shall execute the change(s) only after receipt of the MCP signed by Buyer.

11. Mandatory Changes

Mandatory changes are changes required by Airworthiness Authorities by an Airworthiness Directive or changes in regulations. In case Airworthiness Authority's Airworthiness Directives or changes in regulations make mandatory changes necessary, then RECARO will provide Buyer without undue delay with a service bulletin in the case of an Airworthiness Directive, or a MCP in the case of changes to the regulations. The Parties shall mutually agree upon the obligation to pay the costs of the service bulletin or the MCP in each particular case.

12. Service Bulletins

RECARO shall provide Buyer with service bulletins in accordance with ATA Spec. 100 for all mandatory changes required by Airworthiness Directives. Those service bulletins and resulting modification kits, where applicable, shall be issued in such a timely manner that accomplishment will be guaranteed within the applicable limits. Service bulletins affecting the reliability shall be marked accordingly. European Technical Standard Order-Holder/ Technical Standard Order-Holder approved service bulletins are valid for the European Technical Standard Order-Seat/Technical Standard Order-Seat only. For all changes other than mandatory changes required by Airworthiness Directives RECARO may provide Buyer with service bulletins. The service bulletins shall indicate the reason for the implementation of such change. The costs of the service bulletins are considered as associated costs of approved and introduced changes and shall be borne either by RECARO or by Buyer as defined in articles 9-11.

13. Modification Designation

All modifications shall be indicated on a modification plate or either by a change in part number or by an index thereto.

14. Passing of Risk, Retention of Title

Delivery of Seats, Spare Parts and the initial provisioning package shall be free carrier (Incoterms 2010) at the facility designated by RECARO. RECARO may contract for carriage on usual terms at Buyer's risk and expense if Buyer does not give an instruction to the contrary in due time to RECARO and if RECARO has received the address for such invoice from Buyer in due time. Upon delivery risk of loss of or damage to each Seat and/ or Spare Part shall pass from RECARO to Buyer. RECARO retains title to all Seats and/ or Spare Parts until RECARO has received payment in full of the purchase price for such Seats and/ or Spare Parts from Buyer. Until title to the Seats and/ or Spare Parts passes to Buyer in accordance with this article Buyer shall hold the Seats and/ or Spare Parts and each of them on a fiduciary basis as bailee for RECARO. Until RECARO receives payment in full of the purchase price for such Seats and/ or Spare Parts delivered to Buyer, Buyer shall not resell any such Seats and/ or Spare Parts. Buyer shall store the Seats and/ or Spare Parts at no costs to RECARO separately from all other goods in its possession and marked in such a way that they are clearly identified as RECARO's property. Buyer shall insure and keep insured the Seats and/ or Spare Parts to the full price against all risks to the reasonable satisfaction of RECARO until the title to the Seats and/ or Spare Parts passes from RECARO, and shall whenever requested by RECARO produce a copy of the insurance policy. Buyer shall without undue delay deliver the prescribed particulars of this article to the applicable registrar if necessary and shall bear the cost of registration. Without prejudice to the other rights of RECARO, if Buyer fails to do so, all sums whatever owing by Buyer to RECARO shall forthwith become due and payable.

15. Delivery Dates

Delivery dates as defined in the Purchase Agreement are binding for both RECARO and Buyer. In the event Buyer requests a change of an agreed delivery date and RECARO accepts the change of the delivery date, RECARO shall be entitled to charge Buyer for additional costs, including but not limited to out of sequence and/or storage costs.

16. Sales Administration and Shipping

RECARO shall comply with all written Purchase Orders being accepted by RECARO without undue delay. RECARO will follow with the ordering administration system described in ATA Specification 2000. RECARO shall accept or reject each Purchase Order in writing.

17. Incoming Material Inspection

Buyer shall inspect Seats and/ or Spare Parts without undue delay after delivery, in any event latest within seven (7) Days and shall advise RECARO of all obvious shortages, overshipments and defects. Wrong or defective Seats shall be returned to RECARO for rectification or replacement at RECARO's sole discretion and expense. Wrong or defective Spare Parts and/ or overshipped Spare Parts shall either be returned to RECARO or scrapped by Buyer at RECARO's sole discretion and expense. Rectification or replacement of Seats and/ or Spare Parts will be performed by RECARO at RECARO's facilities or at Buyer's facilities if previously mutually agreed upon in writing.

18. Excusable Delay

Neither Party shall be liable for a delay in performing or for failure to perform its obligations if the delay or failure results from Force Majeure. "Force Majeure" shall mean any event(s) or circumstance(s) beyond the reasonable control of the Party liable to effect the performance after the exercise of reasonable diligence including without limitation strikes, lockouts or other industrial action, whether of the affected Party's own employees or others which impedes the due performance of the obligations of such Party and which by the exercise of all reasonable diligence such Party is unable to prevent.

Either Party shall use all commercially reasonable efforts to remove the cause of delay and resume work as soon as possible and to make-up for lost time. If either Party is prevented or impeded or delayed from or in performing its obligations under this Purchase Agreement by reason of Force Majeure it shall without undue delay notify the other Party in writing of the nature and detailed reasons for and foreseeable extent of such delay and shall from time to time thereafter notify the other Party whenever, to the best of the Party's knowledge and belief, the nature or foreseeable extent of such delay shall change.

If either Party is prevented or impeded or delayed by reason of any one or more of the aforesaid causes for a period of more than three (3) calendar months after the end of the calendar month in which performance is otherwise required hereunder, the other Party shall have the right to terminate the affected Purchase Order by written notice of termination to the other Party. In case of termination by either Party pursuant to this article RECARO shall be entitled to be paid a reasonable sum for any work carried out by it prior to such termination together with a reasonable profit thereon and on the uncompleted portion of the Purchase Agreement and subject to such payment Buyer shall be entitled to be repaid forthwith any sums previously paid under the Purchase Agreement in excess of the sums due to RECARO whether by way of a deposit or advance payment or otherwise provided that save as aforesaid neither Party shall have any further liability whatsoever to the other by reason of such termination.

19. Non-Excusable Delay

19.1 In the event of delivery of Seats shall be delayed by more than fifteen (15) Days beyond agreed delivery dates by causes not deemed to be excusable, Buyer has the right to deduct from RECARO's invoice an amount of point four per cent (0.4 %) per Day for each Day of delay of the invoice value of such delayed Seats up to four per cent (4 %) of the Seat value. In the event that such non-excusable delay extends to three (3) calendar months, Buyer has the right to terminate the non-excusable delayed open Purchase Orders for Seats covered by this Purchase Agreement and thus be relieved from accepting the non-excusable delayed undelivered Seats without prejudice to Buyer's right to claim from RECARO liquidated damages as per this article 19.1. The rights and remedies provided for in this article 19.1 shall be exclusive. There shall be no further rights of Buyer or liabilities of RECARO with regard to non-excusable delay of RECARO.

19.2 If the delivery of the Seats is delayed and/ or put on hold beyond the agreed delivery date by causes which are in the responsibility of Buyer, Buyer shall be obliged to issue a credit note to RECARO with an amount of point four per cent (0.4 %) per Day of the value of the shipset of Seats affected by the default in taking delivery up to four per cent (4 %) of the value of the shipset of Seats affected by the default in taking delivery. No action by a Party shall constitute a waiver of any such right or remedy. Should such delay in delivery exceed three (3) months, RECARO has the right to terminate the Purchase Agreement in whole or in part. Additionally RECARO has the right to claim further damages relating to the delay in taking delivery and retains all its rights and remedies provided by law.

20. Default of RECARO or Buyer

If either Buyer or RECARO fails for reasons other than those set forth in the articles 18 and 19 to perform any of the fundamental terms and conditions, covenants and agreements of the Purchase Agreement or otherwise defaults in the performance hereof and fails to remedy such failure within sixty (60) Days after receipt of written notice providing reasonable detail of the obligations such defaulting Party has failed to perform from the other, non-defaulting Party, or within such longer period as may be mutually agreed upon, the other, non-defaulting Party shall have the right to terminate the Purchase Agreement in whole or in part and may consider such failure as a Breach of Obligation. The Purchase Agreement may be terminated by the non-defaulting Party by giving thirty (30) Days prior written notice of termination to the defaulting Party.

21. Termination

21.1 In the event Buyer terminates a Purchase Order/ Purchase Orders for one or more shipsets of Seats or the Purchase Agreement in whole or in part for reasons other than those set forth in the articles 18, 19 and 20 and Buyer has not paid the outstanding claims regarding the non-recurring costs of RECARO, Buyer shall be liable to reimburse RECARO a percentage of the costs. Buyer shall pay a percentage of

- (a) twenty per cent (20 %) of the non-recurring costs and eight per cent (8 %) of the recurring costs for each shipset of Seats terminated in case of termination up to thirty-seven (37) weeks before the delivery date stipulated in the Purchase Order,
- (b) forty per cent (40 %) of the non-recurring costs and eight per cent (8 %) of the recurring costs for each shipset of Seats terminated in case of termination within thirty-six (36) weeks up to twenty-three (23) weeks before the delivery date,
- (c) eighty per cent (80 %) of the non-recurring costs and twenty-five per cent (25 %) of the recurring costs for each shipset of Seats terminated in case of termination within twenty-two (22) weeks up to fifteen (15) weeks before the delivery date,

(d) hundred per cent (100 %) of the non-recurring costs and ninety per cent (90 %) of the recurring costs for each shipset of Seats terminated in case of termination within fourteen (14) weeks up to seven (7) weeks before the delivery date,

(e) hundred per cent (100 %) of the non-recurring costs and hundred per cent (100 %) of the recurring costs for each shipset of Seats terminated in case of termination within six (6) weeks before the delivery date and afterwards.

If Buyer has already paid the outstanding claims regarding the non-recurring costs of RECARO, Buyer shall be liable to reimburse RECARO only the above mentioned percentages regarding the recurring costs for each shipset of Seats terminated.

21.2 In the event Buyer terminates a Purchase Order/ Purchase Orders for Spare Parts, Buyer shall be liable to reimburse RECARO a percentage of the costs.

For Routine Orders with standard lead time Buyer shall pay a percentage of

(a) zero per cent (0 %) of the Purchase Order value in case of termination within five (5) Days from the date of the Purchase Order,

(b) forty per cent (40 %) of the Purchase Order value in case of termination after five (5) Days up to ten (10) Days from the date of the Purchase Order,

(c) sixty per cent (60 %) of the Purchase Order value in case of termination after ten (10) Days up to twenty (20) Days from the date of the Purchase Order,

(d) hundred per cent (100 %) of the Purchase Order value in case of termination after twenty (20) Days from the date of the Purchase Order.

For Routine Orders with extended lead time Buyer shall pay a percentage of

(a) zero per cent (0 %) of the Purchase Order value in case of termination up to eighty (80) Days before the delivery date confirmed by RECARO,

(b) forty per cent (40 %) of the Purchase Order value in case of termination within seventy-nine (79) Days up to fifty (50) Days before the delivery date confirmed by RECARO,

(c) sixty per cent (60 %) of the Purchase Order value in case of termination within forty-nine (49) Days up to thirty (30) Days before the delivery date confirmed by RECARO,

(d) hundred per cent (100 %) of the Purchase Order value in case of termination within twenty-nine (29) Days before the delivery date confirmed by RECARO and afterwards.

For Expedite Orders and/ or Critical Orders Buyer shall pay a percentage of

(a) eighty per cent (80 %) of the Purchase Order value in case of termination within five (5) Days from the date of the Purchase Order,

(b) hundred per cent (100 %) of the Purchase Order value in case of termination after five (5) Days from the date of the Purchase Order.

In case of termination of an AOG Order Buyer shall pay one hundred per cent (100 %) of the Purchase Order value.

21.3 In the event that Buyer becomes insolvent or goes into liquidation, or ceases paying its debts as they fall due, or makes an assignment for the benefit of creditors, or if Buyer passes resolution for its winding up or if a petition for its winding up is presented, or Buyer files for protection from its creditors under any applicable law relating to bankruptcy or insolvency or any analogous event in any jurisdiction shall take place, or any adverse change in the financial condition of Buyer or in the event of a change of ownership of Buyer, RECARO shall, without incurring any liability whatsoever, have the right to immediately terminate this Purchase Agreement in whole or in part by giving written notice of termination to Buyer, without prejudice to RECARO's rights to claim damages and/ or to any other remedies which RECARO may have at law and/ or under the Purchase Agreement.

22. Initial Provisioning, Recommended Spare Parts

On Buyer's request RECARO will hold a provisioning meeting at a time to be mutually agreed upon between Buyer and RECARO in order to establish data required for a recommendation from RECARO to Buyer for Buyer's initial provisioning of Spare Parts. RECARO shall no later than one (1) month before delivery of the first shipset of Seats submit to Buyer, at no charge, a recommendation for Spare Part requirements for the first year of operation related to the Seats. The RSPL shall be prepared according to the ATA Specification 100 and shall quote prices which shall be reasonable and remain firm for a period of one (1) month after issue of such documentation by RECARO. In case RECARO fails to submit the RSPL in time due to causes under RECARO's control resulting in Buyer's inability to place Purchase Orders for the affected Spare Parts early enough to permit on time delivery, RECARO shall supply the required Spare Parts on expedite basis at no additional cost to Buyer provided such Spare Parts are available from stock. If Spare Parts are not available from stock, RECARO shall manufacture such Spare Parts on expedite basis at no additional charge to Buyer. Any further responsibility/liability of RECARO shall be excluded.

Buyer shall place a single Purchase Order at RECARO, based on RECARO's RSPL submitted to Buyer, at least fifteen (15) Days after receipt of such RSPL. RECARO will maintain change control with respect to all initial provisioning Spare Parts to ensure that these shall be suitable for use on one or more of the Seats. After Buyer has placed the single initial provisioning Purchase Order, RECARO will, in case of modifications of the Spare Parts in the responsibility of RECARO, automatically amend the Purchase Order already received and furnish the modified Spare Parts. Buyer has to verify or reject the amended Purchase Order without undue delay.

23. Support Services

During the Support Period, RECARO shall maintain adequate facilities and qualified personnel to provide Buyer or its selected repair station facility support services such as technical assistance, maintenance and overhaul assistance, Spare Parts, modification kits, overhaul manuals, maintenance data, service bulletins and repair services to meet Buyer's needs for Seat repair and overhaul. Except as otherwise provided in the Purchase Agreement, the specified support services shall be provided at reasonable prices established by RECARO and within mutually agreed times and incorporated in Purchase Orders issued by Buyer to RECARO.

RECARO will inform Buyer about the lead times of Spare Parts in the confirmation of the respective Purchase Order. RECARO warrants that each Seat delivered as Spare Part will be in a proper configuration for installation in Buyer's aircraft and that each Spare Part will be in proper configuration for installation in the Seat. Buyer is obliged to purchase Spare Parts only from RECARO or RECARO's nominee. However, if RECARO is not able to produce Spare Parts or RECARO is after a grace period of thirty (30) Days not able to deliver Spare Parts in accordance with the agreed lead times Buyer shall have the right to purchase spare parts as substitutes for such Spare Parts at any alternative source as long as RECARO is unable to deliver such Spare Parts. In such cases RECARO is relieved from all duties resulting from the Purchase Agreement, including but not limited to the standard warranty

24. Emergency Service

RECARO has established a twenty-four (24) hours a Day emergency and assistance hotline for all Spare Parts to be delivered under an AOG Order and technical information service problems. An emergency communication link will allow Buyer to have access on a twenty-four-hours-at-seven-Days-a-week-basis to an emergency telephone line that is accessible under the following number: +49 171 350 7373. The conditions of an AOG Order are defined in the applicable Spare Parts price list.

25. Standard Warranty

RECARO warrants that at the time of delivery each Seat and each Spare Part purchased by Buyer from RECARO, will

- a) be free from defects in material, design and workmanship,
- b) conform to Airworthiness Authority's requirements, the aircraft manufacturer's applicable descriptions, specifications, performance warranties and drawings as set forth in RECARO's applicable specifications, and
- c) be suitable for the intended purposes as set forth in RECARO's relevant specification.

The warranty period starts at the time of delivery. Defects or failures attributable to misuse, negligence or unauthorised repair by Buyer, malfunction or failure resulting from non-conformance or non-compliance by Buyer with RECARO's operating, maintenance, overhaul or other approved related instructions furnished to Buyer, are excluded from this warranty. RECARO's warranty shall cease if Buyer uses spare parts or replacement parts which are not approved by RECARO on the Seats. Failures occurring on parts subject to normal wear and tear are also excluded from this warranty. Buyer Furnished Equipment is excluded from any warranty of RECARO.

26. Warranty Terms and Conditions

Primary structure: seventy-two (72) months
"Primary Structure" includes and is limited to the following:
track fittings, base legs, base frame, structural tubes and Seat spreader assemblies.

Backrest structure: seventy-two (72) months
"Backrest structure" includes and is limited to the following:
sheet metal backrest structure, composite backrest structure, backrest attachment devices.

Armrest structure: thirty-six (36) months
"Armrest structure" includes and is limited to the following:
sheet metal arm structures, armrest attachment devices.

Moving parts: twenty-four (24) months
"Moving parts" includes and is limited to the following:
folding armrest structures and attachments devices, articulating bottom pans, footrest and legrest assemblies, adjustable headrests, recline and legrest actuating mechanisms, adjustable lumbar assemblies, hydrolok and their control cables, in-arm mechanisms, videoarm.

Plastic components: twelve (12) months
"Plastic components" includes and is limited to the following:
vacuum formed parts, injection moulded parts.

Electrical components: twenty-four (24) months
"Electrical components" includes and is limited to the following:
electrical cables, actuators, electronic control boxes for actuators, electronic control switches.

Decorative covers: twelve (12) months
"Decorative covers" includes and is limited to the following:
sewing of dress covers, fabric of the life vest pouches, arm pad covers, fabric and leather closeouts.

Foam parts:
Seat bottom: twenty-four (24) months
Seat back: thirty-six (36) months

All other components: eighteen (18) months
"All other components" includes, but is not limited to the following:
bottom pans, diaphragms, food table structures, food table legs, IFE equipment attachment brackets, life vest pouches, attendant steps.

Spare Parts: twelve (12) months

Should any Seat or Spare Part fail to comply with the warranty and this is discovered within the applicable warranty period and RECARO receives within fifteen (15) Days after discovery of a deviation or defect a warranty claim and the defective Seat and/ or Spare Part, RECARO shall at its sole discretion and expense without undue delay or within a mutually agreed time make all necessary rectifications or furnish replacement. Buyer's notice of warranty claims shall contain the following information regarding the Seat and/ or Spare Part:

- a) Part Number
- b) Nomenclature
- c) Serial Number (if the claimed part is a serialized part)
- d) Quantity
- e) Kind and Extent of Failure
- f) Delivery date
- g) Seat type, Seat position, Seat serial number

In the event of a rectification or replacement of Seats and/ or Spare Parts under warranty at a place designated by Buyer and agreed to by RECARO, RECARO shall be responsible for the costs. RECARO will analyze Buyer's warranty claims on the basis of RECARO's reports from RECARO's regional representative and RECARO's inspection, tests, findings during repair and failure analysis.

If, however, a failure is deemed by RECARO not to constitute a warranty, Buyer shall reimburse RECARO for all costs for replacement or rectification, including transportation costs.

The not expired portion of this warranty for a Seat and/ or Spare Part shall only be enforceable by airlines in commercial air transport service other than Buyer, if the Seat and/ or Spare Part is in the possession of such airline as a result of sale, exchange, pooling or leasing between such airline and Buyer subject to the provisions, limitations and exclusions of the foregoing warranty and subject to RECARO's prior written consent and provided that such airline exercises the same care during operation and maintenance as Buyer. The warranty period of a Seat and/ or Spare Part will be suspended for the period necessary for replacement or repair of such Seat and/ or Spare Part and will continue after finalization of such replacement or repair. The rights and remedies of Buyer provided in this article shall be exclusive. Any further liability of RECARO with regard to this subject matter is excluded.

27. Buy back of surplus Spare Parts

RECARO may at its own discretion agree to repurchase from Buyer initial provisioning Spare Parts which are at the same time non-customized and non-shelf life limited and which were originally delivered by RECARO to Buyer. RECARO may repurchase the Spare Parts within a period of more than one (1) year up to three (3) years calculated from the delivery date of the first shipset of Seats to Buyer under the following conditions:

- a. surplus Spare Parts must result from Buyer's single order for initial provisioning based upon and congruent with RECARO's recommendations and the terms of the Purchase Agreement, and
- b. the aircraft has been in regular operation during the period of time mentioned in this article, and is still in operation, and
- c. Buyer shall present a list to RECARO of the excess Spare Parts during the aforementioned period, and
- d. Buyer shall deliver the surplus Spare Parts DAP (Incoterms 2010) to the facility designated by RECARO, and
- e. Spare Parts must be unused (e.g. no damage, no wear, no colour deficiency), originally packed and ready for installation, and
- f. the price for the repurchased Spare Parts shall be fifty per cent (50 %) of the original price paid by Buyer.

If the quantity of Spare Parts of a certain partnumber purchased by Buyer has exceeded the recommended quantity in the Recommended Spare Part List of RECARO, RECARO shall have no obligation to repurchase such surplus Spare Parts.

28. Technical Publications

RECARO shall supply to Buyer technical publications and revisions thereto required to operate, maintain, repair and overhaul the Seats. The costs shall be borne by Buyer. All technical publications shall be in accordance with ATA Spec. 100 requirements. The quantities for each type of technical publication shall be based on Seat quantities. Technical publications shall be delivered free carrier (Incoterms 2010) at the facility designated by RECARO on or before the delivery of the Seats. Appropriate revisions to all technical publications shall be supplied to Buyer from time to time as required to maintain such publications up to date throughout the Support Period. Such revisions shall be provided in the same format and quantity as the originally delivered publications and shall show the revision date and identification code. Revisions due to changes affecting more than one publication shall be issued simultaneously. The costs for such revisions shall be borne by Buyer.

29. Training

If requested, RECARO shall conduct training at no charge at a facility designated by RECARO, which pertains to product description, operating, maintenance, trouble shooting functional test, overhaul and assembly of the Seats.

For economy class Seats such training shall consist of one (1) one-Day-course per Seat program for a maximum of five (5) trainees per course.

For premium economy class Seats and/ or domestic business class Seats such training shall consist of two (2) consecutive two-Day-courses per Seat program for a maximum of five (5) trainees per course.

For long haul business class Seats such training shall consist of three (3) consecutive three-Day-courses per Seat program for a maximum of five (5) trainees per course.

RECARO may offer, upon Buyer's request and at Buyer's cost, additional trainings such as but not limited to crew trainings and refresher trainings.

Buyer shall provide the Seats necessary for training.

Costs for transportation and other expenses for the trainees for the time spent at the facility designated by RECARO shall be borne by Buyer.

In case such trainings are held at a facility designated by Buyer, any costs incurred by RECARO such as, but not limited to costs for transportation, accommodation (3 star European category) and daily expenses shall be borne by Buyer.

30. Field Service

During the Support Period RECARO shall furnish periodic technical representative visits to Buyer's permanent maintenance and overhaul locations to assist with the maintenance, overhaul, operation, tooling, Spare Parts, provisioning and training requirements of Buyer at a price to be agreed upon.

31. Buyer Furnished Equipment (BFE)

RECARO does not assume responsibility for the quality of BFE. Buyer agrees to indemnify RECARO against all costs and expenses suffered or incurred by RECARO related to the quality of BFE. In the event RECARO informs Buyer about the inappropriate quality of BFE and Buyer nevertheless insists on using such BFE, RECARO shall neither be liable for the ability of BFE for further treatment nor for any results of further treatment of BFE by RECARO.

All BFE is subject to a handling charge of three per cent (3 %) of the Seat shipset price.

Delivery dates of BFE shall be agreed upon at the Initial Technical Co-ordination Meeting. Buyer shall deliver BFE delivered at place (Incoterms 2010) to the facility designated by RECARO. RECARO will be responsible for the completion of the customs formalities and for inward processing.

Notwithstanding the foregoing provision in case BFE cannot be exported in due time according to the rules of inward processing due to causes within the responsibility of Buyer or the Purchase Agreement has been terminated in whole or in part, Buyer shall be obliged to refund RECARO the customs duty that has been paid.

In the event delivery of BFE is delayed beyond the agreed delivery date of BFE, RECARO shall have the right to claim from Buyer an amount of five (5) Euro per Day of delay and per delayed part of BFE. However, in the event such delay induces for RECARO a damage exceeding the above mentioned liquidated damages, Buyer shall compensate RECARO also for the exceeding amount. In addition, RECARO reserves the right to adjust the delivery dates of the Seats and/ or Spare Parts according to RECARO's production capacity at the actual receipt of BFE.

RECARO shall be entitled to return to Buyer surplus BFE including without limitation fit check parts and already delivered BFE in the event the Purchase Agreement has been terminated in whole or in part due to whatever reason free carrier (Incoterms 2010) to the facility designated by RECARO. RECARO may contract for carriage on usual terms at Buyer's risk and expense if Buyer does not give an instruction to the contrary in due time to RECARO and if RECARO has received the address for such invoice from Buyer in due time.

The RECARO Seat BFE Handling Procedure shall apply.

32. Indemnity

Unless otherwise stipulated in the Purchase Agreement, in case either Party, its directors, officers, employees, agents or subcontractors do not comply with any of such Party's obligation(s) arising out of or in connection with the Purchase Agreement or do not comply with any such obligation in time due to gross negligent or intended acts or omissions ("Breach of Obligation"), such Party ("Breaching Party") shall be liable towards the other Party ("Indemnified Party"), its directors, officers, employees, agents and subcontractors for all damages such as but not limited to any loss, any damage to or loss of any property and for the injury to or death of any person caused by such Breach of Obligation and shall indemnify and hold harmless the Indemnified Party, its directors, officers, employees, agents and subcontractors against all claims of third parties caused by/related to such Breach of Obligation.

The liability and indemnification include all necessary costs, expenses and fees incidental thereto.

Unless otherwise stipulated in the Purchase Agreement, the liability of the Breaching Party for areas of Breach of Obligations for which the Breaching Party does not have an insurance at the date of the respective Breach of Obligation shall be limited to a maximum amount equal to five per cent (5 %) of the value of Seats delivered at the date of the respective Breach of Obligation but in no event more than an amount equal to five per cent (5 %) of the contract value at the date of signature of the respective Statement of Work over the entire contract lifetime. All amounts that have to be paid by the Breaching Party due to such Breach of Obligation shall be payable within a three-year-period starting at the end of the year in which the Breach of Obligation has occurred and therefore shall be divided into three equal portions. Each portion shall be due at December 31 of the respective year of such three-year-period.

Notwithstanding the foregoing, the liability of the Breaching Party for areas of Breach of Obligation for which the Breaching Party has an insurance at the date of the respective Breach of Obligation shall be limited to the contents of the Breaching Party's insurances up to the respective maximum amount insured per occurrence and in the annual aggregate.

IN NO EVENT SHALL THE BREACHING PARTY HAVE ANY LIABILITY TO THE INDEMNIFIED PARTY FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES SUCH AS, BUT NOT LIMITED TO LOSS OF PROFITS OR REVENUES OR USE UNLESS EXPLICITLY AGREED UPON IN THE ARTICLES OF THIS AGREEMENT.

33. Applicable Law and Arbitration

The Purchase Agreement shall be governed by and interpreted in accordance with the laws of the Federal Republic of Germany. The UN Convention on contracts for the International Sale of Goods (CISG) shall not apply.

Should any dispute arise in connection with the Purchase Agreement the Parties, through their senior managements, shall endeavour to reach an amicable agreement with respect thereto. If no amicable agreement can be reached, all disputes, controversies, or differences which may arise out of or in relation to or in connection with the Purchase Agreement, including its legal validity and continued effectiveness after termination, shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by three arbitrators appointed in accordance with the said Rules of Arbitration. The arbitration proceedings shall take place in Zurich, Switzerland. The language of arbitration shall be English.

34. Non-Waiver

Any failure at any time of either Party to enforce any provision of the Purchase Agreement shall neither constitute a waiver of such provision nor prejudice the right of such Party to enforce such provision at any subsequent time.

35. Term

The Purchase Agreement shall remain in force and effect as long as the Seats are installed in Buyer's aircraft unless the Purchase Agreement is terminated in whole or in part.

36. Assignment

Except as expressly permitted in the Purchase Agreement Buyer shall only be entitled to assign or transfer any or all of its rights or obligations under the Purchase Agreement with the prior written consent of RECARO which shall not be unreasonably withheld.

37. Entire Agreement

The Purchase Agreement with the attachments thereto and the respective Purchase Orders shall constitute the entire agreement of Buyer and RECARO.

38. Amendments and Alterations

The Purchase Agreement shall not be varied in terms or amended except by an instrument in writing explicitly named an amendment to the Purchase Agreement and signed by duly authorized representatives of the Parties.

39. Severance

In case one or more of the provisions contained in the Purchase Agreement should be or become fully or in part invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality, and enforceability of the remaining provisions of the Purchase Agreement shall not in any way be affected or impaired. Any provision which is fully or in part invalid, illegal or unenforceable shall be replaced by a provision which best meets the purpose of the replaced provision; the same applies in case of an omission.