

Approval date	21	09	2018
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Public request for proposals in an electronic form

Requests receiving place	Electronic Trading Platform Gazprombank Group: <a href="http://etpgpb.ru/">http://etpgpb.ru/</a>			
Date and time for the requests receiving commencement	21	09	2018	18:00 MSK
Date and time for the request receiving completion	01	10	2018	12:00 MSK
Place and date for examination of procurement bidder proposals and summarizing of results	18/4 Pilotov ul., Saint Petersburg, , Russian Federation, 196210			
	02	10	2018	
Commencement date for providing clarifications on procurement documentation	21		09	2018
Completion date for providing clarifications on procurement documents	28		09	2018
Specifying the features of participation	Not applicable			
Option to submit an alternative offer	Not applicable			
Option to engage co-contractors/subcontractors	Not applicable			
Distribution of the total scope of procurement between the procurement parties	Not applicable			
Subject-matter of the procurement	Shop Visit for a CFM56-7B			
Number of lots	2			

Lot № 1					
Name of the Subject-Matter of the Agreement (lot)		Shop Visit for a CFM56-7B Engine ESN 038433			
Initial (maximum) price of the agreement (lot)	Currency	Quantity (Scope)	Units of Measurement	Classification by OKVED2	Classification by OKPD2
74 000,00	USD	1	Ea.	33.16	30.30.60.110
Place of Delivery/Performance of Works/Provision of Services (address)			In the Territory of Foreign State		
Term and Payment Procedure for Goods (Work. Service)			Payment shall be via bank wire transfer. All Contractor's invoices shall be payable within 30 days from a date of invoice receipt by the		

	Customer unless otherwise mutually agreed by the Parties
Request Security (amount)	Not applicable
Right of the Procurement Bidder to submit a draft of counter-agreement	Applicable

Lot № 2					
Name of the Subject-Matter of the Agreement (lot)		Shop Visit for a CFM56-7B Engine ESN 894307			
Initial (maximum) price of the agreement (lot)	Currency	Quantity (Scope)	Units of Measurement	Classification by OKVED2	Classification by OKPD2
85 000,00	USD	1	Ea.	33.16	30.30.60.110
Place of Delivery/Performance of Works/Provision of Services (address)		In the Territory of Foreign State			
Term and Payment Procedure for Goods (Work. Service)		Payment shall be via bank wire transfer. All Contractor's invoices shall be payable within 30 days from a date of invoice receipt by the Customer unless otherwise mutually agreed by the Parties			
Request Security (amount)		Not applicable			
Right of the Procurement Bidder to submit a draft of counter-agreement		Applicable			

### Assessment and Comparing Criteria of Quotes

Lot №1,2	
Name of Criterion 1	Turnaround Time, Days
Points Calculation Procedure for Criterion 1	To calculate the number of points using the formula: $S_{base} / S_{prop} \times K$ , where: - $S_{base}$ - the best (lowest) of all the proposals of the participants; - $S_{prop}$ - assesses the proposal of a participant; - $K$ - the maximum number of points assigned to this criteria in accordance with the cell to the right.
Maximum number of points for criterion 1	30
Name of Criterion 2	NTEP for performance of SV, USD
Points Calculation Procedure for Criterion 2	To calculate the number of points using the formula: $S_{base} / S_{prop} \times K$ , where: - $S_{base}$ - the best (lowest) of all the proposals of the participants; - $S_{prop}$ - assesses the proposal of a participant; - $K$ - the maximum number of points assigned to this criteria in accordance with the cell to the right.
Maximum number of points for criterion 2	70
Maximum number of points	100
For a comparative assessment of bidders of request for proposals to select a supplier will use the following methodology:	

In case of receipt of application from the participant with the basis of delivery DAP, the contract price for evaluation purposes was adopted as given in the application;  
In case of receipt of application from the participant with the basis of delivery FCA, the price of the contract for valuation purposes is calculated by the following formula:

$$N = P + T1 + T2 + T3 + T4 + D$$

where:

N – the price of the contract

P - the value proposition of the provider.

T1 - charges for customs clearance.

T2 - customs duties.

T3 - cost of services of the customs representative.

T4 - the cost of registration of Declaration of compliance (if required for customs clearance of goods).

D - the cost of transportation

Common basis for comparison of proposal shall be quoted prices of all bidders excluding VAT.

## **1. General Terms of the Procurement Procedure**

1.1. The Procurement is undertaken in accordance with the Federal Act dated 18 July 2011 No. 223-FZ "On Procurement of Goods, Works, Services by Certain Types of Legal Entities" and Regulation on Procurement of Goods, Works, and Services (P 20-33-17 Edition 3).

1.2. Priority provision to goods of Russian origin, works, services performed, provided by Russian persons is applied in accordance with the Regulation of the Government of the Russian Federation No. 925 dated 16.09.2016.

1.3. The procurement documentation is an invitation addressed to public at large to give proposals under the procurement procedure.

The procedure for the public request of quotations (hereinafter the request for quotations), public request for proposals (hereinafter the request for proposals) is neither competition, nor auction for the right to be awarded a contract, or governed by Articles 447 - 449 Part One of the Civil Code of the Russian Federation. This procedure is also not a public competition nor governed by Articles 1057-1061 of Part Two of the Civil Code of the Russian Federation. Thus, the terms of the request for quotations, request for proposals does not entail for the Customer the relevant scope of civil legal obligations pertaining to mandatory conclusion of an agreement with the winner or other bidder.

1.4. The Customer may refuse from holding the request for quotations, request for proposals without being liable to the procurement bidders, including compensation for any expenses related to issuance and submission of the request for quotations, request for proposals. If it is taken a decision to refuse holding the request for quotations, request for proposals the Customer shall post within a business day following the day of taking such decision, information on the refusal to hold a request for quotations, request for quotations in the unified information system.

1.5. The Customer shall not be under obligations or be liable if the bidders; procurement parties fail to familiarize themselves with a notice on refusal to hold a request for quotations, request for proposals.

1.6. At any time before the deadline for submission of request for participation in the request for quotations, request for proposals the Customer may, on its own initiative or as a response to an inquiry of any bidder, amend a notice on holding a request for quotations, request for proposals, and procurement documentation.

1.7. The Customer may, at any time after a decision is taken that it is necessary to amend a notice on holding a request for quotations, request for quotations, documentation on the procurement, such amendments are posted in the unified information system.

1.8. If amendments to a notice or documentation on procurement are made later than two working days in holding a request for quotations/one working day in holding a request for proposals, a term for submission of requests for participating in request for quotations, request for proposals shall be extended so that from the day of posting such amendments in the unified information system to a notice or documentation on procurements to the end date for submission of requests for participating in a request for quotations, request for proposals, such term shall be at least three working days.

## **2. Procedure for Submission of Requests**

2.1. To participate in the request for quotations, request for proposals the bidder shall prepare a request for participation in the request for quotations, request for proposals executed in full compliance with the requirements of the procurement documentation. The bidder may submit only one request with respect of each subject-matter of the request for quotations, request for proposals (lot).

2.2. In pursuance of procurement documentation all documents shall be submitted to the electronic trading facility as scan-copies of signed documents.

2.3. The bidder may amend or withdraw a submitted Request for participation in the Request for Quotations, Request for Proposals not later than the deadline for submission of Requests for participation in the Request of Quotations, Request for Proposals. Amendment or addition to the Request is permitted by submission of a new Request only, then the original Request shall be withdrawn by the bidder.

## **3. Procedure for Clarifications on the Points of the Procurement Documentation to the Bidders**

3.1. Any bidder may submit an inquiry to the Customer for clarification of the points of the documentation on the procurement in writing or as an electronic document.

3.2. The bidder is entitled to forward an inquiry for clarifications on the points of the procurement documentation to the postal address of the Customer, e-mail stated in the procurement notice or post in the electronic trading facility.

3.3. The Customer posts the copy of such clarifications (with no reference to the name or address of the bidder from which such inquiry for clarifications has been received) in the unified information system.

## **4. Payment Method for Goods, Work, and Service**

4.1. The payment method is cashless transfer.

## **5. Pricing Procedure for the Agreement Price (Lot Price)**

5.1. The Agreement Price (Lot Price) shall be formed subject to expenses for carriage, insurance, payment of customs duties, taxes and other mandatory payments unless otherwise is provided in the Terms of Reference (Appendix 3).

**6. Requirements for safety, quality, technical performance, functionality (consumer properties) of goods, work, and service, for sizes, packing, shipment of goods, work results established by the Customer and provided for technical**

**maintenance rules in accordance with the laws of the Russian Federation about technical regulation, documents elaborated and applicable in the national system of standardization adopted in accordance with the laws of the Russian Federation on standardization, other requirements related to the establishment of the conformity of goods to be supplied, work to be performed, service to be provided with the customer needs.**

6.1. Requirements for safety, quality, technical performance, functionality (consumer properties) of goods, work, and service, for sizes, packing, shipment of goods, work results established by the Customer and provided for technical maintenance rules in accordance with the laws of the Russian Federation about technical regulation, documents elaborated and applicable in the national system of standardization adopted in accordance with the laws of the Russian Federation on standardization, other requirements related to the establishment of the conformity of goods to be supplied, work to be performed, service to be provided with the customer needs are set forth in the Terms of Reference (Appendix 3).

**7. Requirements for description by the procurement bidders of goods to be supplied which is the subject-matter of procurement, its functionality (consumer properties), its quantitative and qualitative features, requirements for description by the procurement bidders of work to be performed, service to be provided which are the subject-matter of procurement, their quantitative and qualitative features.**

7.1. Requirements for description by the procurement bidders of goods to be supplied which is the subject-matter of procurement, its functionality (consumer properties), its quantitative and qualitative features, requirements for description by the procurement bidders of work to be performed, service to be provided which are the subject-matter of procurement, their quantitative and qualitative features are set forth in the Terms of Reference (Appendix 3).

**8. Requirements for the procurement bidders and list of documents to be submitted by the procurement bidders to confirm their conformity with the established requirements**

8.1. There are set the following mandatory requirements for a legal capacity of the procurement bidder

8.1.1. The conformity of the procurement bidder with the requirements set in accordance with the laws of the Russian Federation for persons making deliveries of goods, performance of works, provision of services which are the subject-matter of the procurement.

8.1.2. Availability of the relevant licenses, certificates, approvals and other permits of governmental authorities of the Russian Federation and/or other countries (if applicable) to undertake by them or persons contracted by them, of activity which is necessary to meet obligations undertaken by them in accordance with this documentation and an agreement expected for conclusion in accordance with this documentation.

8.1.3. No liquidation proceeding with respect to the corporate procurement bidder and a lack of an arbitration award on the adjudication of the corporate bidder, individual entrepreneur a bankrupt or initiating bankruptcy proceedings.

8.1.4. No suspension of the procurement bidder's business in accordance with the procedures contemplated by the Russian Federation Administrative Offence Code as of the day of submission of the request for participation in the procurement.

8.1.5. A lack of the indebtedness with the procurement bidder on taxes, dues and other mandatory payments accrued to the budgets of the budgetary system of the Russian Federation (except for those amounts where it is granted a delay, payment by instalments,

investment tax credit in accordance with the laws of the Russian Federation on taxes and charges which are rescheduled in accordance with the laws of the Russian Federation where there is a court decision which has entered into legal force, on recognition of the obligation of the claimant to pay such amounts discharged or which have been adjudicated bad debts for recovery in accordance with the laws of the Russian Federation on taxes and charges) for a calendar year elapsed.

The procurement bidder shall be deemed complying with the established requirement provided that it appeals the existence of the said arrears, indebtedness and a decision on such appeal is pending as at the day of examining such request for identifying a supplier (contractor, provider) is not taken.

8.1.6. A lack of information of the procurement bidder in the register of mala fide suppliers contemplated by Article 5 of Federal Act No. 223-ФЗ and in the register of mala fide suppliers contemplated by Federal Act No. FZ-44 dated 05 April 2013 “On Contracting System in Procurement of Goods, Works, and Services for Governmental and Municipal Needs”.

8.1.7. The procurement bidder shall not have a conflict of interests with the customer’s employees.

8.2. If the procurement is undertaken among the subject of small and medium businesses only, the procurement bidder shall conform with the qualifying criteria for the subjects of small and medium businesses established by Article 4 of the Federal Act “On Development of Small and Medium Businesses in the Russian Federation” and shall declare in the request for participation its classification as the subject of small and medium businesses by submission in the form of an electronic document, of details from the unified register of the subjects of small and medium businesses which contain the details about the procurement bidder, or declaration of conformity of the procurement bidder with the qualifying criteria for inclusion in the subjects of small and medium businesses in the form of the Appendix to the Regulation on specifics of participation of the subjects of small and medium businesses in the procurement of goods, works, and services approved by the Regulation of the Government of the Russian Federation dated 11 December 2014 No. 1352 if there is no information about the procurement bidder which is a newly registered individual entrepreneur or newly established legal entity.

8.3. The list of all documents evidencing the conformity of the procurement bidder with the established requirements is given in the Questionnaire Form of the bidder (Appendix 2).

8.4. Additional requirements for the procurement bidders related to the requirements for safety, quality, technical performance, functionality (consumer properties) of goods, work, and service as well as the procedure for confirming the conformity of the procurement bidders with the said requirements may be provided for by the Terms of Reference (Appendix 3).

## **9. Requirements for the Contents, Form, Execution and Setup of the Request for Participation in the Procurement**

9.1. The bidder’s Request shall include the following documents:

9.1.1. The Request for participation in the procedure executed on the official letterhead of the procurement procedure bidder (Appendix 1).

9.1.2. The bidder’s Questionnaire Form executed on the official letterhead of the procurement procedure bidder (Appendix 2).

9.2. All documents and information submitted by the bidders shall be issued in Russian or English. If any information or documents are submitted in other language, they shall be accompanied by translation into Russian or English.

9.3. All prices shall be stated in the currency of the initial (maximum) price of the agreement (lot price). If the price in the bidder’s request is set in the currency which is different from the

initial (maximum) agreement price (lot price), the Customer may recalculate the price into the required currency at the rate as of the end date for taking the requests for assessment and comparison of requests.

9.4. The Request validity period for participation in the procurement shall be at least 90 days from the end date for submission of requests for participation in the procurement.

9.5. A request shall be provided for each lot separately.

9.6. A request shall include one main request with the price, dates and other terms of delivery of goods/performance of works/provision of services provided that submission of alternative proposals is not contemplated by procurement documentation.

9.7. The Bidders shall pay independently all expenses related to submission of the request, including but not limited to expenses for examination of this documentation and issuance of proposals.

## **10. Procedure for Examination, Assessment and Comparison for Requests to Participate in Procurement**

10.1. Requests for participation in procurement shall be subject to two-stage check:

Stage one – is a pre-qualification stage of examining such requests for the conformity with the requirements of procurement documents in part of execution of such requests;

Stage two – is an assessment stage of requests passed the pre-qualification stage.

10.2. The pre-qualification stage of examining of requests for the conformity with requirements of procurement documentation shall be carried out based on the following indicators and assessment procedure:

10.2.1. Conformity with the requirements for procurement bidders: checking the bidders for the conformity with the requirements based on documents received in accordance with clause 8, including but not limited to its legal capacity and a lack of a procurement bidder in the register of mala fide suppliers.

10.2.2. The completeness of the documents submitted: check for the conformity of the documents submitted in the request with the required list (Appendix 1 and 2) as well as the accuracy of information and documents submitted.

10.2.3. Conformity of the request for participation with the requirements of procurement documents: check for the contents of the request, including the contents of the price proposal, other information in accordance with the requirements of procurement documentation.

10.3. If in the course of the pre-qualification stage the competition commissions establishes the fact that the request fails to conform by one or more indicators referred to in clause 9, such request shall be waived and shall be subject to no further examination.

The request of the procurement bidder may also be waived in the following instances:

a) there is a failure to submit copies of documents as well as other information required by the procurement documentation;

b) non-conformity of the procurement bidder with the requirements for the procurement bidders set by procurement documentation;

c) submission of knowingly false information as a part of the request, intentional misrepresentation of information or documents making a part of such request;

d) a failure to provide clarifications on the request for participation in the request for quotations upon request of the Competition Commission;

e) existing information on the procurement bidder in the register of mala fide suppliers;

f) existing overdue accounts receivables with the procurement bidder and/or unfulfilled obligations to the customer and its subsidiaries and related companies (including affiliated structures with the procurement bidder);

g) non-conformity of goods, works, and services offered with the requirements of

procurement documentation;

h) existing other adverse information identified by the results of the check.

10.4. If only one request for participation in the request for quotations, request for proposals is received by the completion date for submission of requests for participation in the request for quotations, request for proposals established by procurement documentation, such request for quotations, request for proposals shall be deemed failed.

10.5. If procurement documentation provides for two or more lots, a request for quotations shall be deemed failed with respect to those lots only with respect of which the only request has been submitted.

10.6. If the only request for participation in the request for quotations, request for proposals is received by the customer by the completion date for submission of requests set by procurement documentation, despite the request for quotations, request for proposals is recognized failed, the competition commission shall examine it in the manner contemplated by this documentation. If the request for participation in the request for quotations, request for proposals being examined and the procurement bidder submitted such request conform with the requirements and terms contemplated by procurement documentation on holding such request for quotations, request for proposals, the Customer is entitled to enter into an agreement with such bidder.

10.7. If a request of the only bidder is recognized conforming with the procurement documentation at the pre-qualification stage, such bidder shall be deemed the only bidder in the request for quotations, request for proposals. The Customer may enter into an agreement with the procurement bidder which has submitted such request, on the terms of procurement documentation, draft agreement and request submitted by such bidder. Such bidder is not entitled to waive the conclusion of the agreement with the customer. The request for quotations, request for proposals shall be deemed failed in such case.

10.8. The request which have passed the pre-qualification stage shall be assessed by criteria stated in the Assessment and Comparison Criteria of the Requests table. The proposal prices of all bidders excluding VAT shall be used as a single basis for comparing price proposals.

10.9. If in the course of assessing the requests for participation in the request for quotations, request for proposals the Competition Commission is necessary to extend or reduce the dates of pre-qualification and/or assessment stage stated as the dates for examining proposals of the procurement bidders and summarizing the procurement results, in the notice on holding a request for quotations, request for proposals the customer shall, within one working day after a decision is made by the competition commission on extension or reduction of the dates for the pre-qualification and/or assessment stage, post a notice on the extension or reduction of the relevant term in the unified information system.

10.10. The Winner in the request for quotations, request for proposals.

10.10.1. It shall be recognized the Winner in the request for quotations that procurement bidder which conforms to the requirements set by procurement documentation, which has failed a request that meets all the requirements set by procurement documentation and where it is stated the lowest price for goods, works, and services.

10.10.2. It shall be recognized the Winner in the request for proposals that bidder which conforms to the requirements set by procurement documentation, which has proposed the best combination of terms for the performance of an agreement and to the request for participation in the request for proposals is assigned number one. The assignment of the sequence number to each request for participation in the request for proposals as the advantage degree of the terms for the performance of an agreement contained in such request decreases, shall be done by the results of final point calculation for each request. Number one shall be assigned to the request for participation in the request for proposals which has gained the highest final point. The final point of each request for participation in the



request for proposals shall be calculated by adding points for each criterion for the assessment of such request.

If more than one requests for participation in the request for proposals include equal combination of terms for the performance of an agreement, a lesser sequence number shall be assigned to the request for participation in the request for proposals which has been received earlier than other requests for participation in the request for proposals which contain such terms.

10.11. Based on the results of examination and assessment of requests the competition commission shall issue a record of the results of the request for quotations, request for proposals. The Record shall be signed by the Chairman and the Secretary of the Competition Commission not later than in ten (10) days from the day of the meeting of the competition commission.

10.12. The Record shall be posted in the unified information system not later than in three (3) days from its signature.

10.13. The term for signature of the agreement with the bidder whose proposal is recognized the best – not later than seven calendar days from the date of the receipt of such agreement from the Customer.

10.14. Should the winner in the request for quotations be evading the conclusion of the agreement, the Competition Commission may take a decision to sign the agreement with the bidder which offered the same price in its request as the winner, or whose proposal of the agreement price contains better terms after those proposed by the winner. The agreement with such bidder shall be signed on the terms of the draft agreement attached to the procurement documentation at the price offered by such bidder in the quotation request. Such bidder is not entitled to waive the conclusion of the agreement.

Should the bidder which offered the same price in the quotation request as the winner, waive the conclusion of the agreement, or which proposed the terms next to the ones proposed by the winner, the request for quotations shall be recognized failed.

10.15. Should the winner in the request for proposals be evading the conclusion of the agreement, the competition commission may take a decision to conclude an agreement with the bidder whose request was assigned number two by the results of assessment and comparison of requests (proposals), on the terms of the performance of the agreement proposed by such bidder in the request. Such decision shall be executed as the relevant record of the meeting of the competition commission. The bidder in the request for proposals is not entitled to waive the conclusion of the agreement.

10.16. Should the bidder in the request for quotations, request for proposals be evading the conclusion of the agreement, the competition commission may take another decision which is different from the one referred to in clauses 10.14 and 10.15, including on recommendation of the procurement from the single supplier.

10.17. The Customer may without giving a reason take a decision to waive the conclusion of the agreement without compensation to the winner or other bidder of expenses incurred by it related to the participation in the procedure for request for quotations, request for proposals.

10.18. Should the customer waive the conclusion of the agreement with the winner in the request for quotations and the bidder which proposed the same price in the quotation request as the winner, or whose proposal of the agreement price contains better terms next to the ones proposed by the winner as well as if the customer waives the conclusion of the agreement with the winner in the request for proposals and the bidder whose request was assigned number two, the customer shall post its notice on recognition of the request for quotations, request for proposals failed, in the unified information system.

10.19. In holding the request for proposals the Customer may, after completion of the assessment and comparison of proposals, grant an option to the bidders to raise the preference of their requests by reducing the price initially stated in the request (to announce

re-bidding). A notice to the bidders about the commencement of re-bidding shall be made by posting a notice on the electronic trading facility. The Customer may announce a secret or public re-bidding. Re-bidding shall be deemed secret unless otherwise is contemplated in the notice of the Customer.

To participate in the re-bidding provided that it is announced, the bidders may, in the term set by the customer, submit a new price proposal. Such new price proposals signed by the bidders shall be submitted in the same order as the requests for participation in the procedure for request for proposals. New proposals on other terms for the performance of the agreement (except price) shall not be examined within such re-bidding. The price received in the course of such re-bidding shall be deemed final proposal of the bidder.

## **11. Consequences of Recognizing the Request for Quotations, Request for Proposals Failed**

11.1. Should the request for quotations, request for proposals be recognized failed and/or the agreement is not concluded with the procurement bidder which has submitted the only request for participation in the request for quotations, request for proposals or recognized the only bidder in the request for quotations, request for proposals, the Customer may hold the repeated request for quotations, request for proposals or apply another method of procurement.

## **12. Closing Provisions**

The Customer shall be governed by the Procurement Regulation in all other matters not contemplated by this documentation.

### **Appendices:**

Appendix 1: Request Form for Participation in the Procedure

Appendix 2: Bidder Questionnaire Form

Appendix 3: Terms of Reference

Appendix 4: Draft Agreement

<b>Request for Participation<sup>1</sup></b> <b>In the Procurement Procedure:</b>		
<i>(state the name of the procurement procedure, procedure number if necessary lot number)</i>		
1. Having studied the terms and requirements stated in the procurement documentation posted in the electronic trading facility as well as the Regulation on procurement of goods, work, service of the Customer and accepting the requirements stated therein, terms for holding the request for quotations, request for proposals and delivery of goods (performance of works, provision of services)		
<i>(state full name of legal entity/last name, first name, patronymic of individual)</i>		
Registered at the following address:		
<i>(state place of location address of legal entity/place of residence of individual)</i>		
предлагает заключить договор на		
<i>(state the subject-matter of the agreement)</i>		
In accordance with the price proposal and other documents which are an integral part of this request for participation in the procedure of public request for quotations, request for proposals.		
Quote: Lot №1: Maximum Turnaround time _____ NTEP for performance of SV (in USD) _____ FCA airport of shipment _____ DAP transfer point _____		
Name	Maximum value	Possible offer
Man-Hour Rate	48 USD	
Handling Charge for the non-LLP material supplied by the Contractor for Extra Work only	2.0% of CLP capped at 1,500 USD per part / 2,000 USD per line item	
Handling Charge for the LLP material supplied by the Contractor	3.5 % of CLP capped at 4,500 USD per part	
Handling Charge for the non-LLP material supplied by the Customer	2.0% of CLP capped at 1,500 USD per part / 2,000 USD per line item	
Handling Charge for the LLP material supplied by the Customer	0%	
Subcontract Handling Charge	5,0% of subcontractor's invoice	

<sup>1</sup> To be executed on the official letterhead of the bidder in the procurement procedure as a separate document.

Lot№:2

Maximum Turnaround time \_\_\_\_\_

NTEP for performance of SV (in USD) \_\_\_\_\_

FCA airport of shipment \_\_\_\_\_

DAP transfer point \_\_\_\_\_

Name	Maximum value	Possible offer
Man-Hour Rate	48 USD	
Handling Charge for the non-LLP material supplied by the Contractor for Extra Work only	2.0% of CLP capped at 1,500 USD per part / 2,000 USD per line item	
Handling Charge for the LLP material supplied by the Contractor	3.5 % of CLP capped at 4,500 USD per part	
Handling Charge for the non-LLP material supplied by the Customer	2.0% of CLP capped at 1,500 USD per part / 2,000 USD per line item	
Handling Charge for the LLP material supplied by the Customer	0%	
Subcontract Handling Charge	5,0% of subcontractor's invoice	

2. This Request for participation in the request for quotations, request for proposals, is to advise (declare) that against us:

Neither award of the arbitration court on adjudication a bankrupt and initiating bankruptcy proceedings, nor liquidation procedure was carried out (for legal entities)

Activity is not suspended in the manner contemplated by the Russian Federation Administrative Offence Code, as of the submission day of the request for procurement participation purposes;

No information in the register of mala fide suppliers contemplated by Article 5 of Federal Act No. 223-ФЗ and in the register of mala fide suppliers contemplated by Federal Act No. FZ-44 dated 05 April 2013 "On Contracting System in Procurement of Goods, Works, and Services for Governmental and Municipal Needs".

3. This is to guarantee the accuracy of information submitted by us in the request for participation in the procurement and confirm the right of the Customer which is without prejudice to the requirement to form equal terms for all procurement bidders, to request from us, from the authorized agencies and legal entities and individuals mentioned in our request for participation in the procurement, clarifying information submitted by us in it.

4. In the event of our winning in the request for quotations, request for proposals we guarantee the provision of details with respect to all chain of owners, including beneficiaries (including ultimate) and the members of executive bodies with evidencing by the relevant documents (except the procurement bidders which are governmental authorities, governmental and municipal agencies and unitary enterprises) in a week term from posting the record determining the right of the bidder to conclude an agreement with the customer, in the unified information system.

5. In the event the Customers offers to conclude an agreement by the results of the procurement, we undertake to sign an agreement with Rossiya Airlines JSC in accordance

with the requirements of procurement documentation and our request, in term not later than three calendar days from the day of receipt of the agreement from the customer and give our consent to perform the terms of such agreement.		
6. In the event we are recognized the procurement bidder ranked the second by the results of the procurement, and the procurement winner is recognized evaded the conclusion of the agreement, we undertake to sign the agreement in accordance with the requirements of the procurement documentation, our request and give consent to perform the terms of the agreement.		
7. In the event we are recognized the only procurement bidder, we undertake to sign the agreement in accordance with the requirements of the procurement documentation, our request and give consent to perform the terms of the agreement.		
8. If we are recognized the winner in the request for quotations, request for proposals or taking a decision on the conclusion of an agreement with us in the established instances, and our evasion of the conclusion of the agreement which is the subject-matter of the procurement, we agree to the inclusion of information in the Register of mala fide suppliers.		
9. Принимаем на себя обязательство не изменять и (или) не отзывать заявку на участие в закупке после истечения срока окончания подачи заявок на участие в запросе котировок, запросе предложений.		
10. Submitting this request, I confirm my consent to processing personal data in accordance with Federal Act dated 27 July 2006 No. 152-FZ "On Personal Data" <sup>5</sup> .		
11. Documents which are an integral part of our request for participation in the procurement, are attached to this request for participation in the procurement:		
11.1. The Questionnaire Form of the procurement bidder in the form of Appendix 2;		
11.2. Information about functional specifications (consumer properties) and qualitative specifications of goods, work, and services. In the instances contemplated by the procurement documentation, also copies of documents evidencing the conformity of goods, works, services with the requirements established in accordance with the laws of the Russian Federation provided that the laws of the Russian Federation establish requirements for such goods, works, and services.		
According to the list on	pages	
<b>Principal</b>		
(signature)		(state initials, last name)
<i>SEAL</i>		
Date of issuance		
(DD )	(MM)	(YYYY )

<sup>5</sup> The clause is subject to inclusion as a part of the request from the procurement bidder only who is an individual.

<b>BIDDER QUESTIONNAIRE FORM<sup>2</sup></b> <b>Procurement Procedure</b>	
<b>Procedure No.</b> _____ <div style="text-align: center; font-style: italic;">(state the name of procedure)</div> <div style="text-align: center; font-style: italic;">(state the procedure number)</div>	<b>Lot No.</b> _____ <div style="text-align: center; font-style: italic;">(state the lot number)</div>
<div style="text-align: center; font-style: italic;">(state full name of entity in accordance with the Articles of Association and legal organizational form)</div>	
<div style="text-align: center; font-style: italic;">(state abbreviated name of the entity in accordance with the Articles of Association)</div>	
<b>1. Legal details</b> Country _____ of registration _____ Registered address _____ Street address _____ Phone _____ Fax _____ E-mail _____	
<b>2. Banking details</b> INN / KPP of entity _____ OGRN (Primary State Registration Number) _____ Transaction Account No. _____ Bank Name _____ Correspondent account _____ BIC _____	
<b>3. Registration data</b> Date, place and registration authority _____ Founders _____ Primary Business _____ Included in the small and medium businesses <sup>3</sup> _____ OKPO _____ OKVED _____	

<sup>2</sup> To be executed on the official letterhead of the bidder in the procurement procedure as a separate document.

<sup>3</sup> If the bidder is included in the subjects of small or medium businesses, it shall be attached to the request a document containing details from the unified register of subjects of small and medium businesses, or declaration of conformity in the form approved by regulation of the RF Government dated 11 December 2014 No. 1352

4. Appendices to the Bidder Questionnaire Form:															
Description of Document			Number of Pages												
1. Copies of incorporation documents (Certificate of State Registration, Articles of Association, Incorporation Agreement).															
2. A copy of statement from the Uniform State Register of Legal Entities and/or Uniform State Register of Individual Entrepreneurs received not earlier than 6 months before the day of posting a notice on holding a request for quotations, request for proposals in the unified information system (for foreign companies – statement from the Trade Register).															
3. Document evidencing the powers of the person to act on behalf of the procurement bidder – legal entity (copy of resolution on appointment or election or an order on appointment of an individual to the office under which such individual is entitled to act on behalf of the procurement bidder without a power of attorney (hereinafter also the Principal). If other person acts on behalf of the procurement bidder, such competition request shall also include a power of attorney to perform actions on behalf of the procurement bidder certified by the seal of the procurement bidder (for legal entities) and signed by the principal of the procurement bidder or a person authorized by such principal, or notarized copy of such power of attorney. If the said power of attorney is signed by the person authorized by the principal of the procurement bidder, the request for participation in the competition shall also include a document evidencing the powers of such person.															
4. Details of a lack of/existing affiliation of the procurement bidder with the employees of Rossiya Airlines JSC and their close relatives (spouses, children, parents, brothers and sisters).															
5. A copy of notice on application of the simplified taxation system (STS) or a notifying statement of the bidder on STS application with the seal of the tax authority (where applicable), with the submission of a tax return on the tax to be paid in connection with the STS application, for the latest year.															
6. For a group (for several persons) of persons acting on the part of one procurement bidder, it shall be submitted additionally a copy of the document evidencing the union of persons acting on the part of the one procurement bidder into the group, and the right of a certain procurement bidder to participate in the procedure on behalf of the group of persons, including submit a request for participation, to sign an agreement.															
<b>5. Contact person</b> _____ <i>(state last name, first name, patronymic, telephone, fax, e-mail)</i>															
<b>This is to confirm by the bidder the accuracy of all data stated in the Questionnaire Form.</b>															
<table border="0" style="width: 100%;"> <tr> <td style="text-align: center; width: 33%;"> <b>Principal</b>  <i>(title of the Principal)</i> </td> <td style="text-align: center; width: 33%;">           _____  <i>(signature)</i> </td> <td style="text-align: center; width: 33%;">           _____  <i>(state initials, last name)</i> </td> </tr> <tr> <td style="text-align: center;">           SEAL         </td> <td></td> <td></td> </tr> <tr> <td style="text-align: center;">           Date of Issuance         </td> <td style="text-align: center;">           _____  <i>(DD)</i> </td> <td style="text-align: center;">           _____  <i>(MM)</i> </td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">           _____  <i>(YYYY)</i> </td> </tr> </table>				<b>Principal</b> <i>(title of the Principal)</i>	_____ <i>(signature)</i>	_____ <i>(state initials, last name)</i>	SEAL			Date of Issuance	_____ <i>(DD)</i>	_____ <i>(MM)</i>			_____ <i>(YYYY)</i>
<b>Principal</b> <i>(title of the Principal)</i>	_____ <i>(signature)</i>	_____ <i>(state initials, last name)</i>													
SEAL															
Date of Issuance	_____ <i>(DD)</i>	_____ <i>(MM)</i>													
		_____ <i>(YYYY)</i>													

**Terms of Reference**  
**Shop Visits for CFM56-7B Engines**

**1. Description of Lots**

1.1. Lot 1 is the accomplishment of a Quick Turn Shop Visit for a CFM56-7B Engine ESN 038433, the main purpose of which is off-wing replacement of the two Fan Blades and a Fan Containment Case due to FOD. Lot 1 Shop Visit Workslope is defined further in the item 3.2.

1.2. Lot 2 is the accomplishment of a Quick Turn Shop Visit for a CFM56-7B Engine ESN 894307, the main purpose of which is off-wing replacement of one HPT Blade due to burn-trough damage. Lot 2 Shop Visit Workslope is defined further in the item 3.3.

**2. Shop Visits timeframes**

2.1. Lot 1 Shop Visit for ESN 038433 shall start on or about 10 September 2018.

2.2. Lot 2 Shop Visit for ESN 894307 shall start on or about 10 November 2018.

2.3. The dates above are indicative and may vary subject to Parties' mutual agreement.

2.4. Turnaround time (TAT) shall be 10 calendar days or less for either Lot 1 or Lot 2 Shop Visits, while a shorter TAT will be an advantage in the both cases.

2.5. The Contractor shall guarantee availability of all necessary parts and materials in its warehouse to perform timely all parts replacements required per each Workslope in course of each Shop Visit and within the TAT; and the Contractor shall confirm that in no event the reason for the late return of any Engine will be either necessary replacement parts missing or original parts being repaired beyond the TAT.

2.6. In case of an agreed TAT exceedance due to late return of a part from an outsourced repairer, and unavailability of a replacement overhauled part on the market, the Contractor shall supply a brand new part.

2.7. Except for excusable delay cases, the Contractor shall credit to the Customer an agreed percentage for each day of an agreed TAT exceedance, without limitation of the total credit sum, regardless was such exceedance caused by a direct Contractor's fault, or by a fault of any of the third parties engaged by the Contractor.

**3. Major requirements for the Shop Visit proposal**

3.1. Each bidder shall prepare a separate Shop Visit proposal for each Lot it wishes to apply for, which proposal shall be based upon respective Not-to-Exceed Price (NTEP) of the labor and material to accomplish the relevant Workslope, as defined hereunder.

For the sake of clarity, a NTEP-based billing and settlement model presumes that the Customer always pays the lesser of (i) actual time and material cost of the Shop Visit and (ii) the agreed NTEP (less NTEP exclusions).

3.2. NTEP for the Lot 1 Workslope shall not exceed 74 000.00 USD (while the lesser NTEP will be an advantage), and shall cover the labor and material cost as per items 3.2.1 and 3.2.2:

3.2.1. Labor to accomplish the ESN 038433 Workslope as follows:

- Engineering support services such as Workslope customization, SB evaluation and implementation recommendation.
- Engine incoming inspection



- Engine components and parts removal and reinstallation (including LRU, QEC).
- Engine and Engine modules disassembly as necessary
- Cleaning, Non-Destructive Testing and inspection of engine parts.
- Replacement of 2ea Fan Blades.
- Replacement of Fan Containment Case.
- Compliance with AD 2011-18-10
- Engine final assembly.
- Engine final inspection and preparation of Engine documentation.
- Engine preservation and preparation for shipment.
- Any handling charges incurred in connection with the Shop visit.

3.2.2. Material to accomplish the ESN 038433 Workscope:

- All the required Consumables and Expendables.

3.2.3. The Customer will be responsible to supply the following material for ESN 038433:

- 2ea Brand NEW condition Fan Blades P/N 340-001-036-0 or fully interchangeable equivalent P/N
- 1ea Brand NEW condition Fan Containment Case P/N 340-059-840-0 or fully interchangeable equivalent P/N

3.3. NTEP for the Lot 2 Workscope shall not exceed 85 000.00 USD (while the lesser NTEP will be an advantage), and shall cover the labor and material cost as per items 3.3.1 and 3.3.2:

3.3.1. Labor to accomplish the ESN 894307 Workscope as follows:

- Engineering support services such as Workscope customization, SB evaluation and implementation recommendation.
- Engine incoming inspection.
- Engine Components and parts removal and reinstallation (including LRU, QEC).
- Engine and disassembly Engine modules disassembly as necessary.
- Cleaning, Non-Destructive Testing and inspection of Engine Parts.
- Replacement of 1ea HPT blades as per ESM 72-00-52 spec.proc. 01.
- Compliance with AD 2011-18-10.
- Implementation of a CFM56-7B SB 72-1033 REV.01 - FAN BLADE DOVETAIL REPETITIVE ULTRASONIC INSPECTION.
- Igniter plugs replacement.
- Engine final assembly.
- Engine final inspection and preparation of Engine documentation.
- Engine preservation and preparation for shipment.
- Any handling charges incurred in connection with the Shop visit.

3.3.2. Material to accomplish the ESN 894307 Workscope:

- All the required Consumables and Expendables.

3.3.3. The Customer will be responsible to supply the following material for ESN 894307:

- 1ea Overhauled or Brand New condition HPT Blade P/N 1957M10P03 or fully interchangeable equivalent P/N

3.4. Any additional work or deviation from the Workscopes required by the Customer in writing or arising from additional inspection findings, shall be charged to the Customer based upon Time & Material rates applicable to all works not covered by the NTEP, which rates shall not exceed:

Man-Hour Rate	48 USD
Handling Charge for the non-LLP material supplied by the Contractor for Extra Work only	2.0% of CLP capped at 1,500 USD per part / 2,000 USD per line item
Handling Charge for the LLP material supplied by the Contractor	3.5 % of CLP capped at 4,500 USD per part
Handling Charge for the non-LLP material supplied by the Customer	2.0% of CLP capped at 1,500 USD per part / 2,000 USD per line item
Handling Charge for the LLP material supplied by the Customer	0%
Subcontract Handling Charge	5,0% of subcontractor's invoice

3.5. Material Support:

- Unless stated herein to the contrary the Contractor shall be responsible for spare parts and consumable materials supply for each Shop Visit.
- The Contractor shall provide material storage facility to support each Shop Visit
- Any supplied brand NEW spare part shall possess EASA Form 1 or FAA 8130-3 certification.
- Any supplied repaired/overhauled spare part (including LLPs supplied by the Contractor) shall possess EASA Form 1 or FAA form with EASA approval / (Dual release) certification and a full "back-to-birth" traceability paperwork; and the Customer shall review and approve it before installation.
- Engine Parts shall be subject to the Engine Lessor's approval. The Contractor shall provide paperwork for review for all serialised parts and high cost parts, including but not limited to Fan Blades, major casings, HPT Blades, HPT Shrouds, HPT NGVs, LPT NGVs, LPT Blades and Vanes, proposed for installation in the Engine (Replacement Parts). Such Replacement Parts shall have been overhauled, be in as good an operating condition as removed parts; and have a value, utility and remaining useful life at least equal to removed parts. The Replacement Parts shall have all historical "back-to-birth" records ensuring full traceability of such parts as well as NIS and No-PMA/DER Statements from all operators. In case Lessor does not approve a Replacement Part proposed by the Contractor for any reasons (missing paperwork etc.), the Contractor shall continue searching for an acceptable Replacement Part and propose any available options for review. In case the Contractor is not able to procure a Replacement Part that meets Lessor's requirements, Contractor shall purchase and install in the Engine factory-new Replacement Part. Alternatively, the Customer shall have a right to purchase from the market any Replacement Parts by its own and

supply it to the Contractor. The Contractor than shall deduct the actual cost of such Customer-supplied Replacement Parts from the final invoice.

- All supplied spare parts shall bear OEM Part Numbers.
- DER-repairs or PMA-parts are NOT allowed.
- A 24/7 on-site material coordinator should be assigned to each Shop Visit by the Contractor at no cost to the Customer.
- All scrapped Engine parts after each Shop Visit shall remain as property of the Customer and shall be stored free of charge until additional notification but not less than for 12 months of an engine release date.

#### 3.6. Warranty terms:

- Each part or unit supplied, repaired/overhauled by the Contractor, its vendors and subcontractors, will have warranty term after Engine release date, at least: for rand new parts - 4000 FH or 12 months, and for repaired/overhauled parts - 3000FH or 12 months, whichever comes first.

### 4. Additional requirements for the Shop Visit

#### 4.1. A successful Contractor for any of subject Shops Visit must:

- have in-house capabilities of engine modules repair according to the subject Workslope;
- have an immediately available stock of materials to support the Shop Visit, including a complete set of material (incl. Airfoil material) sufficient to cover up to 100% scrap of the relevant engine parts;

4.2. Engine certification upon each Shop Visit completion shall be in accordance with EASA and FAA rules, unless the Customer requests any other certification in writing, in advance of the Engine induction.

4.3. Within 30 days upon each Engine release, the full and complete set of the Shop Visit paperwork shall be delivered to the Customer, including original (DFP) paperwork for repair or inspection of all LRU&QEC. Electronic format documentation on CD/DVD or other media will be acceptable. A printed Shop Visit Minipack should be provided to the Customer within 10 days after each Engine release date.

4.4. Engine storage at the Contractor's facility after Shop Visit shall be free of charge for up to and including 10 days after Engine release date.

4.5. Engine transportation to and from the Contractor's shop location shall be coordinated with Customer's Logistics Department in advance of each Engine dispatch.

4.6. Transportation shall be performed in accordance with Incoterms 2010. Delivery to Engine Maintenance Provider shall be DAP – agreed delivery location, Redelivery to Customer shall be on FCA terms – agreed collection location.

4.7.

### 5. Terms, Conditions and Procedure of Payment

5.1. All Contractor's invoices shall be delivered to the Customer at amd9@rossiya-airlines.com without any undue delay.

5.2. All Contractor's invoices shall be payable within 30 days from a date of invoice receipt by the Customer unless otherwise mutually agreed by the Parties.

5.3. Payment shall be via bank wire transfer.

## **6. Acceptability of Contractor's contractual documentation**

6.1. A bidder shall have a right to submit its own draft contract, provided it complies with all mandatory conditions as expressly stated in this Procurement Documentation. Meeting all requirements of this Terms of Reference is necessary also.

## **7. Applicability of the Russian Federation State standards**

7.1. Since datum Engines are intended for use on Customer's foreign-registered commercial aircraft, the Engines, their maintenance & repair, and associated records must comply with international (EASA/FAA) requirements and regulations; hence, the State standards of the Russian Federation are not applicable.

## **DRAFT of ENGINE MAINTENANCE AGREEMENT,**

This engine maintenance agreement (hereinafter referred to as this „Agreement“) is entered into by and between

Rossiia Airlines JSC  
Pilotov Str. 18/4  
196210 Saint-Petersburg  
Russia

(hereinafter referred to as "Customer")

and

CONTRACTOR

(hereinafter referred to as "Contractor")

(each of Customer and CONTRACTOR may be individually referred to herein as a “Party” and collectively, as the “Parties”)

and relates to maintenance, repair and overhaul services concerning the CFM56-7B type engines on a time and material basis.

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**PREAMBLE**

WHEREAS, the Customer requires maintenance, refurbishment, repair and modification services with respect to CFM56-7B engines, and

WHEREAS, CONTRACTOR and its affiliated CONTRACTOR's Repair Facilities have the facilities, expertise and experience and CONTRACTOR is willing and prepared to provide such services according to CONTRACTOR's standards, procedures and valid airworthiness authorities regulations, and

WHEREAS, CONTRACTOR shall perform such services based on rates as provided in Appendices B1, B2, B3 and B4.

WHEREAS, none of the Parties hereto intends to be obligated to place or accept purchase orders under this Agreement. The Parties are furthermore free to enter into agreements with third parties on the same subject matter hereof.

NOW THEREFORE, in consideration thereof and reliance on the mutual promises given herein, the Parties hereto agree as follows:

## CLAUSE 1 DEFINITIONS

1.1 Within the scope of this Agreement including the Recitals, unless otherwise individually stipulated, the following definitions shall apply:

**“Airworthiness Directive/ AD”** means a Modification to or Inspection of the Supplies classified as compulsory by the Competent Airworthiness Authority.

**“Affiliate”** means any corporation, company, partnership or other entity which directly or indirectly controls, is controlled by or is under common control with either Party to this Agreement.

**“AOG”** means the situation where an aircraft is unavailable for revenue service until the appropriate maintenance or engineering action is taken.

**“AMM”** means Aircraft Maintenance Manual, the document which details the way in which all maintenance tasks carried out on an aircraft shall be accomplished.

**“Authority Approved Standards”** means repair procedures performed in accordance with technical data approved by the Competent Airworthiness Authority or under a system approved by, or acceptable to the Competent Airworthiness Authority (including, but not limited to: DER repairs, EASA approved repairs).

**“Beyond Economic Repair”** means the condition where the costs for the Repair of a Part exceed seventy percent (70%) of the then current list price for the respective new Part.

**“Competent Airworthiness Authority”** means FAA, EASA or any other equivalent foreign aviation authority as agreed in writing between the Parties.

**“CSN”** means the number of Flight Cycles an Engine, Module or Part has completed since manufacture.

**“Customer Facility”** means Customer’s place of operation at 196210 Saint-Petersburg, Russia.

**“Customer Indemnified Parties”** shall have the meaning assigned to it in CLAUSE 13.

**“Damages”** shall have the meaning assigned to it in CLAUSE 13.

**“Day”** means any calendar day.

**“Delivery”** shall have the meaning assigned to it in CLAUSE 4.1.

**“Designated Engineering Representative”** or **“DER”** means an individual appointed in accordance with 14 C.F.R. Part 183 authorized to approve certain technical data as an extension or substitute to OEM approved data.

**“EASA”** means the European Aviation Safety Agency or any successor thereto.

**“Engine Condition Monitoring (ECM) Services”** means a day to day evaluation and comparison of the Engine key parameters such as (but not limited to): exhaust gas temperature, mass fuel flow, and rotor speed against basic engine models to determine possible parameter shifts or changes.

**“Engine”** means the CFM56-7B engine specified in APPENDIX A.



**“Event of Default”** shall have the meaning assigned to it in CLAUSE 15.3.

**“Exchange Part”** means any Part used as a replacement for a Unserviceable Part removed from an Engine or Module by CONTRACTOR while providing Services.

**“Excusable Delay”** means any delay in the timely discharge and performance by CONTRACTOR of its obligations and duties under this Agreement to the extent such delay is due to acts of God, delays of suppliers to CONTRACTOR including the Customer and any third party, acts of the public enemy, war (if declared or not), civil disturbances, compliance in good faith with any applicable foreign or domestic governmental regulations or order whether or not it proves to be valid or invalid, flood, fire, epidemics, riots, work stoppage, work slow down, other labor or work action, labor disputes, unusually severe weather, the effect of volcanic ashes or any other cause beyond the reasonable control of CONTRACTOR.

**“FAA”** means the United States Federal Aviation Administration or any successor thereto.

**“Flight Cycle”** means with respect to any aircraft with an Engine installed, the completion of one take-off followed by one landing.

**“Flight Hour”** means each hour an Engine is in operation during a Flight Cycle.

**“Foreign Object Damage (FOD)”** means a damage to any portion of the Engine caused by any object other than an integral part of the Engine including but not limited to an impact with or ingestion of birds, stones, hail, debris, ashes, runway de-icing chemicals, tools or runway gravel.

**“Incoterms 2010”** means the version of Incoterms published by the International Chamber of Commerce effective January 1, 2011 including all amendments thereof.

**“Induction”** means the introduction of the Engine, Module or Part onto the repair line of the respective CONTRACTOR’s Repair Facility.

**“Inspection”** means a visual examination of Supplies against a specific standard.

**“IPC”** means illustrated parts catalogue.

**“Life Limited Part (LLP)”** means any Part which is designated by the Competent Airworthiness Authority and which is specified by the manufacturer for a defined (finite) service life.

**“Liquidated Damages”** means compensation for anticipated (instead of actual) damages associated with TAT exceedance in the amounts as set forth in Clause 5.6. Liquidated Damages shall in no event exceed two percent (2%) of the Not-to-Exceed Price set forth in Appendix B3.

**“LRU”** means Line Replaceable Unit.

**“Maintenance”** means all actions required for maintaining or restoring Supplies including Inspection, Modification, preservation, Repair and Testing.

**“Modification”** means services agreed upon between CONTRACTOR and the Customer, which are based upon a Service Bulletin and/or an Airworthiness Directive.

**“Module”** means an assembly of Engine Parts and Components forming a self-contained unit of an Engine which can be removed, exchanged and installed separately without adversely affecting the Engine's integrity or performance.

**“CONTRACTOR’s Management Manual”** means the EASA Part 145 approved maintenance organization document as maintained and revised from time to time by the applicable CONTRACTOR Repair Facility in its Integrated Management System (IMS), which specifies CONTRACTOR’s organization, standards and procedures in compliance with the Competent Airworthiness Authorities.

**“CONTRACTOR’s Indemnified Parties”** shall have the meaning assigned to it in CLAUSE 13.

**“CONTRACTOR’s Repair Facility”** means any fully or partially owned subsidiary company of CONTRACTOR which is certified as continuing airworthiness organization or repair station by the Competent Airworthiness Authority.

**“CONTRACTOR’s Facility”** means CONTRACTOR-H’s repair facility at Muenchner Str. 31, 30855 Langenhagen, Germany.

**“Negligence”** shall have the meaning assigned to it in CLAUSE 13.

**“Not-to-exceed Price” (NTE Price)** means the maximum price to invoice by CONTRACTOR for Services according the Workslope defined under Appendix A1. Any Services excluded from Fixed Price shall be paid by Customer according to Appendix B2 and B4.

**“OEM”** means the original equipment manufacturer of any Engine, Module or Part.

**“On-Wing Support”** means the provision of limited Repair services while the Engine is attached to the wing of an aircraft.

**“Part”** means any part of an Engine or Module.

**“Person”** means any natural person, corporation, joint stock company, limited liability company, association, partnership, firm, joint venture, organization, individual, business, trust, estate or any other entity or organization of any kind or character from any form of association.

**“Parts Manufacturer Approval” or “PMA”** means a combined design and production approval for modification and replacement parts for aircraft engines granted by the FAA in accordance with FAA order 8110.42C. Parts listed in the OEM IPC shall not be considered PMA parts for the purpose of this Agreement.

**“Purchase Order” or “PO”** means an order stating that it is subject to the terms and conditions of this Agreement which is issued by the Customer to CONTRACTOR and includes:

- (i) The Purchase Order number to be referred to in all invoices and other correspondence related to the Work under such Purchase Order;
- (ii) a statement of or reference to the applicable Work Statement;
- (iii) return delivery instructions, including packaging and shipping; and
- (iv) the country of ultimate destination of the Supplies.

**“Preliminary Invoice”** shall have the meaning assigned to it in CLAUSE 9.

**“QEC”** means quick engine change and similar devices required to couple an aircraft engine to an airframe.

**“Redelivery”** shall have the meaning assigned to it in CLAUSE 4.3.

**"Rejected Part"** means any item of Supplies removed by CONTRACTOR due to Unserviceable condition and consequently replaced by a Serviceable Part.

**“Repair”** means the restoration of an Engine, Module or Part to a Serviceable condition.

**“Rotable Part”** means any Part used as a replacement of another Part taken from the Supplies for the purpose of expediting the Services.

**“Service Bulletin (SB)”** means a document issued by an OEM to notify operators or repair stations of recommended Modifications, substitution of Parts, special Inspections or checks, reduction of existing life limits or establishment of first time life limits and conversion from one engine rating to another.

**“Serviceable”** means the condition of an Engine, Module or Part that is within the limits defined in then current and applicable manuals, documentation, publication and/or properly approved for return to service by a repair station authorized by the Competent Airworthiness Authority.

**“Services”** means all or any part of those services which CONTRACTOR agrees to perform under this Agreement and a respective Purchase Order.

**“Shop Handling Guide” or “SHG”** means the document developed and to be observed by the Parties, which specifies the handling of Engines or Modules at CONTRACTOR or another CONTRACTOR Repair Facility, in particular Maintenance standards and specifications.

**“Spare Engine Support”** means the provision of certain lease engines to Customer, subject to availability at CONTRACTOR.

**“Supplies”** means Engines, Modules, Parts or any other items of associated equipment delivered to CONTRACTOR by Customer.

**"Turnaround Time" or "TAT"** means the period of time agreed by the Parties for the performance of Services by CONTRACTOR.

**“Taxes”** shall have the meaning assigned to it in CLAUSE 10.

**“Testing”** means the testing of Engines as defined in the applicable Engine manufacturer's overhaul and repair manual as well as any additional testing if required by the CONTRACTOR test procedures.

**“TSN”** means time since new, i.e. the time expressed in running hours that an Engine, Module or Part has completed since manufacture.

**“Unserviceable”** means the condition of any Engine, Module or Part that is not Serviceable.

**"Work"** means the performance of Services according to the terms and conditions of this Agreement.

**„Workscope“** means the initial workscope as defined in Appendix A1

**"Work Statement"** means a statement being part of the Purchase Order which includes the Work requirements applicable to the Supplies. The Work Statement(s) shall include details relating but not limited to:

- reason for shop visit,
  - disassembly and re-assembly requirements,
  - Inspection requirements,
  - Repairs to be accomplished,
  - Modification standard to be accomplished,
  - Testing
- 1.2 Reference herein to any document, instrument or agreement means such document, instrument or agreement as originally implemented or executed or as amended, novated, modified, or supplemented in accordance with its terms from time to time.
- 1.3 Unless otherwise specifically stated, reference to any clause, appendix, addendum, schedule, annex and exhibit is to a reference to a clause, appendix, schedule, addendum, annex and exhibit of this Agreement.
- 1.4 Reference to any statute or statutory provision includes a reference to that statute or statutory provision as from time to time amended, extended, re-enacted or consolidated, and all statutory instruments or orders made pursuant to it.
- 1.5 Reference herein to Customer and CONTRACTOR, or any other Person, shall be construed so as to include its successors, permitted assigns and permitted transferees.
- 1.6 The headings of the clauses herein and the table of contents of this Agreement are inserted for convenience only and are not deemed to form part of this Agreement or affect the construction or interpretation of the provisions of this Agreement.
- 1.7 All appendices, schedules, addenda, annexes and exhibits hereto or expressly identified to this Agreement are incorporated herein by reference and taken together with this Agreement constitute but a single agreement.
- 1.8 Words denoting the singular shall include the plural and vice versa; words denoting any gender shall include all genders and words denoting persons shall include bodies corporate, unincorporated associations and partnerships.
- 1.9 Unless otherwise expressly set forth in this Agreement, the words "written" and "in writing" includes letters, faxes and any non-transitory form of visible reproduction of words.
- 1.10 The term "including" (or any form thereof) shall not be limiting or exclusive.

## CLAUSE 2 SCOPE OF CONTRACT

- 2.1 Customer agrees to place Purchase Orders for Services required on Engines, Modules and Parts operated by it with CONTRACTOR on a non-exclusive basis for the duration of this Agreement.  
CONTRACTOR, on its turn, agrees and undertakes to provide repair services indicated in Appendices to this Agreement in accordance with CONTRACTOR's standards, procedures and valid airworthiness authorities regulations.
- 2.2 All Services will be performed in accordance with:
- 2.2.1 the airworthiness regulations applicable to the Customer;
- 2.2.2 the Engine manufacturer's overhaul and repair manuals valid at the time of Induction of the respective Engine, Module or Part and the applicable CONTRACTOR Repair Facility's approved system of maintenance as documented in the CONTRACTOR Management Manual;
- 2.2.3 the Shop Handling Guide (SHG);
- 2.2.4 the Work Statement;
- 2.2.5 such other particular conditions as may be expressly agreed to in writing by Customer and CONTRACTOR.
- 2.3 The NTE Price according to Appendix B3 covers and includes:
- 2.3.1 ESN 038433:
- (a) Labor to accomplish the ESN 038433 Workscope:
- Engineering support services such as Workscope customization, SB evaluation and implementation recommendation.
  - Engine incoming inspection
  - Engine components and parts removal and reinstallation (including LRU, QEC).
  - Engine and Engine modules disassembly as necessary
  - Cleaning, Non-Destructive Testing and inspection of engine parts.
  - Replacement of 2ea Fan Blades.
  - Replacement of Fan Containment Case.
  - Compliance with AD 2011-18-10
  - Engine final assembly.
  - Engine final inspection and preparation of Engine documentation.
  - Engine preservation and preparation for shipment.
  - Any handling charges incurred in connection with the Shop visit.
- (b) Material to accomplish the ESN 038433 Workscope:
- All the required Consumables and Expendables.
- (c) The Customer will be responsible to supply the following material for ESN 038433:

- 2ea Brand NEW condition Fan Blades P/N 340-001-036-0 or fully interchangeable equivalent P/N
- 1ea Brand NEW condition Fan Containment Case P/N 340-059-840-0 or fully interchangeable equivalent P/N

#### 2.3.2 ESN 894307

##### (a) Labor to accomplish the ESN 894307 Workscope:

- Engineering support services such as Workscope customization, SB evaluation and implementation recommendation.
- Engine incoming inspection.
- Engine Components and parts removal and reinstallation (including LRU, QEC).
- Engine and disassembly Engine modules disassembly as necessary.
- Cleaning, Non-Destructive Testing and inspection of Engine Parts.
- Replacement of 1ea HPT blades as per ESM 72-00-52 spec.proc. 01.
- Compliance with AD 2011-18-10.
- Implementation of a CFM56-7B SB 72-1033 REV.01 - FAN BLADE DOVETAIL REPETITIVE ULTRASONIC INSPECTION.
- Igniter plugs replacement.
- Engine final assembly.
- Engine final inspection and preparation of Engine documentation.
- Engine preservation and preparation for shipment.
- Any handling charges incurred in connection with the Shop visit.

##### (b) Material to accomplish the ESN 894307 Workscope:

- All the required Consumables and Expendables

##### (c) The Customer will be responsible to supply the following material for ESN 894307:

- 1ea Overhauled or Brand New condition HPT Blade P/N 1957M10P03 or fully interchangeable equivalent P/N

#### 2.4 Material Support

- Unless stated herein to the contrary the Contractor shall be responsible for spare parts and consumable materials supply for each Shop Visit.
- The CONTRACTOR shall provide material storage facility to support each Shop Visit
- Any supplied brand NEW spare part shall possess EASA Form 1 or FAA 8130-3 certification.

- Any supplied repaired/overhauled spare part (including LLPs supplied by the CONTRACTOR shall possess EASA Form 1 or FAA form with EASA approval / (Dual release) certification and a full “back-to-birth” traceability paperwork; and the Customer shall review and approve it before installation.
- Engine Parts shall be subject to the Engine Lessor’s approval. The CONTRACTOR shall provide paperwork for review for all serialised parts and high cost parts, including but not limited to Fan Blades, major casings, HPT Blades, HPT Shrouds, HPT NGVs, LPT NGVs, LPT Blades and Vanes, proposed for installation in the Engine (Replacement Parts). Such Replacement Parts shall have been overhauled, be in as good an operating condition as removed parts; and have a value, utility and remaining useful life at least equal to removed parts. The Replacement Parts shall have all historical “back-to-birth” records ensuring full traceability of such parts as well as NIS and No-PMA/DER Statements from all operators. In case Lessor does not approve a Replacement Part proposed by the Contractor for any reasons (missing paperwork etc.), the Contractor shall continue searching for an acceptable Replacement Part and propose any available options for review. In case the Contractor is not able to procure a Replacement Part that meets Lessor's requirements, Contractor shall purchase and install in the Engine factory-new Replacement Part. Alternatively, the Customer shall have a right to purchase from the market any Replacement Parts by its own and supply it to the Contractor. The Contractor then shall deduct the actual cost of such Customer-supplied Replacement Parts from the final invoice.
- All supplied spare parts shall bear OEM Part Numbers.
- DER-repairs or PMA-parts are NOT allowed.
- A 24/7 on-site material coordinator should be assigned to each Shop Visit by the Contractor at no cost to the Customer.
- All scrapped Engine parts after each Shop Visit shall remain as property of the Customer and shall be stored free of charge until additional notification but not less than for 12 months of an engine release date.
  
- There should be Engine Parts and consumable materials support for this Shop Visit, including a complete set of parts (incl. Airfoil material) sufficient to cover up to 100% scrap of the relevant Engine Parts.
  
- CONTRACTOR shall propose to provide a full set of HPT Stage 1 Blades in used condition and with documentation according Clause 3.2. Customer’s approval shall not be unreasonably withheld.
  
- CONTRACTOR shall propose to provide other applicable material in used condition and with documentary according Clause 3.2. Customer’s approval shall not be unreasonably withheld.
  
- All new Engine Parts so provided shall have EASA Form One or FAA 8130-3.
  
- All repaired/overhauled Engine Parts (including any LLPs supplied by the CONTRACTOR-H) shall possess certificates EASA Form One or FAA/EASA Dual release and Back to Birth traceability and must be approved by the Customer before installation.
  
- A 24/7 on-site material coordinator should be assigned to this Shop Visit by the CONTRACTOR at no cost to the Customer.

- 2.5 CONTRACTOR may recommend to the Customer the use of certain Authority Approved Standards. No Authority Approved Standards may be used on Parts of the Supplies serviced hereunder without Customer's written approval, which approval shall not be unreasonably withheld.
- 2.6 CONTRACTOR may use Rotable Parts to facilitate the performance of Services. The condition of the Rotable Parts shall be equal to or better than the removed parts. Title to the Rotable Parts installed in the Engine or Module will be transferred in accordance with CLAUSE 14.5 .
- 2.7 CONTRACTOR may recommend to the Customer the use of certain DER Repairs except for HPT stage 1 Blades. No such DER Repair shall be used without Customer's written approval, which approval shall not be unreasonably withheld.
- 2.8 CONTRACTOR may recommend to the Customer the installation of certain PMA parts except for HPT stage 1 Blades. No such PMA parts shall be installed without Customer's written approval, which approval shall not be unreasonably withheld.

- 2.9 Within 30 days upon Engine release date, the full and complete set of shop visit paperwork shall be delivered to the Customer, including original (DFP) paperwork for repair or inspection of all LRU&QEC. Electronic format documentation on CD/DVD or other media will be acceptable. A printed Shop Visit Minipack should be provided to the Customer within 10 days after Engine release date. Clause 3.4 applies to the extent applicable.
- 2.10 Subject to Clause 7, all parts scrapped during shop visit should be stored at the CONTRACTOR's facility free of charge for not less than 12 months. All Rejected and Beyond Economic Repair Parts removed during Work with a value up-to US Dollars five thousand (US\$ 5,000.00) per item shall be disposed of locally by CONTRACTOR.
- 2.11 Engine storage at the CONTRACTOR's facility after shop visit shall be free of charge for up to and including 10 Days after Engine release date.
- 2.12 Engine transportation to and from the CONTRACTOR's shop location shall be coordinated with Customer's Logistics Department in advance of Engine dispatch.
- 2.13 Missing or damaged Parts

The CONTRACTOR shall have the right to charge the Customer over and above charges, for parts, labor and services supplied for :

- (i) replacement and/or repairs due to foreign object damage ("FOD"), internal object damage ("IOD") or transit damage during the transportation of the Engine not caused by the CONTRACTOR;
- (ii) replacement and/or repairs due to engine operation beyond manual procedures or limits;
- (iii) replacement of parts or accessories not received with Engines;



- (iv) replacement of any life limited parts or parts affected by applicable AD/SB not included in the intended workscope package price

The CONTRACTOR's charges under this Clause 2.14 shall be in accordance with the terms and conditions as set out in Appendix B4 of this Agreement

### CLAUSE 3 RECORDS AND STANDARDS

- 3.1 CONTRACTOR will prior to commencement of Services establish and shall maintain throughout the duration of this Agreement an EASA Part145 and FAA 14 CFR Part 145 certificated service organization and facilities for Services on Engines, Modules and Parts in accordance with the Engine manufacturer's manuals and other applicable documentation. These facilities shall be approved by the Competent Airworthiness Authority. To the extent that part or all of the Services under this Agreement are performed at another CONTRACTOR Repair Facility it shall be CONTRACTOR's responsibility to ensure that such facility holds appropriate and valid approvals by the Competent Airworthiness Authority.
- 3.2 Notwithstanding anything to the contrary herein, the details of the technical standards applicable for Services on Customer's Engines including without limitation control of LLPs, LLP minimum cycles remaining for installation, workscope definition of remaining LLP life and the responsibilities for the individual Engine workscope decision, general process definition, scope and method of Customer's approval shall be specified and be subject to the SHG as mutually agreed in writing which will form an integral part of the Agreement.
- 3.3 With respect to individual Engines or Modules, the Customer shall provide to CONTRACTOR no later than forty-eight (48) hours prior to Induction all documents and supply all information necessary to establish the extent of Services required. This includes, but is not limited to:
  - 3.3.1 The Work Statement. Any post Induction variations to the Work Statement will be agreed between CONTRACTOR and the Customer;
  - 3.3.2 AD and SB status;
  - 3.3.3 Engine TSN and CSN and time and cycles since last shop visit;
  - 3.3.4 Life records of all Life Limited and/or time tracking Parts and back-to-birth history records, as required;
  - 3.3.5 Non-incident statement with respect to all Parts;
  - 3.3.6 Installed powerplant Accessory / component sheet, a listing by nomenclature of each Accessory / component, Part number, quantity, time and cycles and serial number, in a machine readable tracking parts list (system generated files like Excel, PDF, etc. but no OCR generated file format) , as available;
  - 3.3.7 Log book or equivalent and Part (Module) cards, as available;
  - 3.3.8 Engine/Part installation data records, in a machine readable tracking parts list (system generated files like Excel, PDF, etc. but no OCR generated file format), as available;
  - 3.3.9 Historic test cell performance records, as available;
  - 3.3.10 In-flight readings (as mutually agreed upon) of all Engines parameters on that specific Engine from its last flight prior to removal;
  - 3.3.11 Records of Authority Approved Standards performed and installed PMA Parts (if any);
  - 3.3.12 Records of bumps reported (if any);
  - 3.3.13 the Purchase Order;

- 3.3.14 Aircraft related manuals and documentation including, but not limited to, Aircraft Maintenance Manual (AMM), Aircraft Illustrated Parts Catalogue (AIPC), Wiring Diagram Manual (WDM), Power Plant Buildup Manual (PPBM), etc.
- 3.3.15 Any further information in the possession of the Customer concerning the condition of the Engine or Module;
- 3.4 CONTRACTOR's record system will include documentation of all Services performed, repair operations required and disposition of all Parts replaced. CONTRACTOR will keep all records herein described in form and detail sufficient for accurate and expeditious administration of the Agreement and shall furnish to the Customer the following records and reports, as applicable for each shop visit:
  - 3.4.1 Engine, Module, Part or Accessory serial numbers;
  - 3.4.2 the general exterior condition of the Engine, Module or Part and shipping conveyance;
  - 3.4.3 Boroscope/chamberscope results, as applicable;
  - 3.4.4 The following information for each cycle controlled and LLPs installed during the shop visit:
    - (a) Nomenclature,
    - (b) Part number,
    - (c) Serial number,
    - (d) Total operating cycles and hours accumulated to date,
    - (e) Total cycles remaining,
  - 3.4.5 A list by nomenclature of each Accessory component, Part number, quantity, Part time and serial number;
  - 3.4.6 One (1) copy of the applicable Engine and/or accessory test logs, and
  - 3.4.7 A report summarizing the condition detected subsequent to Engine disassembly.
- 3.5 CONTRACTOR shall be required to complete and properly execute EASA Form 1 Dual Release certificate or, as agreed between the Parties, any other release certificate required by the Competent Airworthiness Authority. Upon request from Customer accident and damage reports, including pictures and laboratory investigation results will be issued by CONTRACTOR.

**CLAUSE 4 DELIVERY AND REDELIVERY**

- 4.1 Engine transportation to and from the Contractor's shop location shall be coordinated with Customer's Logistics Department in advance of each Engine dispatch.
- 4.2 Transportation shall be performed in accordance with Incoterms 2010. Delivery to Engine Maintenance Provider shall be DAP – agreed delivery location, Redelivery to Customer shall be on FCA terms – agreed collection location.
- 4.3 Terms and conditions of delivery and redelivery can be changed by mutual consent of the Parties.

## 5 TURNAROUND TIME (TAT) AND EXCUSABLE DELAY

- 5.1 Upon Delivery of an Engine, Module, Part or other item, CONTRACTOR shall complete the required Services within a TAT of 10 (ten) Days

Shop Visit for ESN 038433 shall start on or about 10 September 2018. Shop Visit for ESN 894307 shall start on or about 10 November 2018. Dates and details of performance of Services may be changed if agreed between the Parties.

- 5.2 Unless otherwise agreed between the Parties, the TAT measurement shall commence the day following the receipt of an Engine or Module by CONTRACTOR at the CONTRACTOR Facility, or as agreed at the premises of another CONTRACTOR Repair Facility, provided all documents, without substantial technical errors or omissions therein, to be furnished by the Customer are made available to CONTRACTOR two (2) Days prior to arrival of the Engine or Module, and ends upon notification that the Services on the Engine are completed and that such Engine or Module is ready and prepared to be Redelivered.

Compliance with an agreed TAT requires seven (7) Days advance notification by the Customer that an Engine or Module is being or will be shipped for Services. In the event that CONTRACTOR does not receive such advance notification, the TAT shall start with the commencement of Services on the Engine or Module but not later than seven (7) Days after receiving the Engine or Module at CONTRACTOR including the necessary documentation.

- 5.3 In case that there are any technical requests from CONTRACTOR to the Customer which may affect the TAT, Customer shall respond in writing (to include telefax) to any such request within twenty four (24) hours.

Likewise if it becomes necessary for the proper performance to carry out Services substantially different from those specified in the Work Statement, CONTRACTOR will promptly notify Customer of the nature and extent of such Services and seek Customer's authorization to carry it out and Customer shall respond in writing (to include e-mail) to any such request within twenty four (24) hours. If no response is received by CONTRACTOR within that time, the TAT will be increased by (i) the time elapsed until the response is received, (ii) as the case may be by the additional time that is needed and verified by CONTRACTOR due to the performance of such different Services. If the Engine or Module due to the pending Customer response needs to be removed from the repair line, CLAUSE 6 applies. Any impact on the agreed TAT resulting from such delay will be advised by CONTRACTOR.

- 5.4 CONTRACTOR shall not be liable for exceeding the TAT due to Excusable Delay.

- 5.5 CONTRACTOR shall promptly notify the Customer in case of impending or actual delays and shall continue to advise the Customer of new shipping schedules and/or charges thereto (if applicable).

- 5.6 In the event that the actual TAT with respect to an Engine or separately shipped Module for reasons other than Excusable Delays exceeds the TAT referred to in this CLAUSE 5 (as such period may be extended pursuant to this Agreement) by more than two (2) calendar weeks and if the Customer experiences an AOG situation as a result of this delay, the Customer may, as its sole remedy for such delay, claim Liquidated Damages in an amount of US Dollars three thousands (US\$ 3,000.00) for each Day of such delay.

- 5.7 The Customer agrees that TAT and other performance related dates are based on the assumption that there will be no Excusable Delay. In the event of an Excusable Delay, the time for the performance shall be considered extended for as many Days beyond the agreed TAT period or agreed date as the Excusable Delay continues. This provision shall, however, not relieve

CONTRACTOR from using its best efforts to mitigate the effects of the Excusable Delays.

## 6 ORDER PROCESSING

- 6.1 The Customer will provide CONTRACTOR with a Purchase Order including the Work Statement before commencement of Services.
- 6.2 In the event that the Customer delivers an incomplete Engine or Module, CONTRACTOR will Redeliver the Engine or Module after completion of Services in the received configuration. If so expressly agreed between CONTRACTOR and Customer in writing, CONTRACTOR will notify the Customer of any missing Parts and allow Customer to provide respective instructions within a period of ten (10) Days. Should the Customer request CONTRACTOR to add the missing Parts within the above mentioned period, CONTRACTOR will use reasonable efforts to provide the requested Parts together with the Engine or Module at Redelivery.
- Requested Accessories which are not available at the date of Redelivery of an Engine or Module will be sent to Customer separately in due course.
- In the event the Engine is not Delivered in testable configuration, as such condition is specified in the respective OEM manual, the temporary provision by CONTRACTOR of Parts/Accessories necessary for the performance of the test cell run out of its pool will be charged in addition to the test cell fee specified in APPENDIX B2.
- 6.3 In case of Parts Repair CONTRACTOR shall not perform Repairs on Parts that are considered Beyond Economic Repair. In such case CONTRACTOR shall replace the removed Part and charge the price for it according to APPENDIX B1.
- 6.4 In the event the Customer withholds an authorization or direction for a necessary alteration of the Work Statement beyond the time period specified in CLAUSE 5 above, CONTRACTOR may remove the Engine, Module or Part from the repair line. Following receipt of the Customers direction, the Engine, Module or Part will be re-introduced to the repair line at the next available induction slot. The holding time will not count towards the TAT.
- 6.5 In the event that the Customer for a period exceeding two (2) weeks following an CONTRACTOR request for authorization or direction, does not co-operate so as to enable CONTRACTOR to continue and complete the Services, CONTRACTOR may (i) store the Engine or Module, whether integral, or disassembled to Module or piece Part level, at its facility or another appropriate and secure storage facility at Customers expense at a rate of two thousand US Dollars (US\$2,000) per month for (disassembled) Engines or Modules and five hundred US Dollars (US\$500) for piece Parts, until further advise from the Customer is received.

## **7 REJECTED PARTS**

All Unserviceable Parts removed during Work and determined by CONTRACTOR to be a Rejected Part or to be Beyond Economic Repair ("Redundant Parts") with a value up-to US Dollars five thousand (US\$ 5,000.00) per item, based on the manufacturers new parts catalog list price (the "Scrap Threshold Value"), shall upon such determination become CONTRACTOR's property and shall be disposed of locally by CONTRACTOR.

All Unserviceable Parts removed during Work and determined by CONTRACTOR to be a Rejected Part or to be Beyond Economic Repair ("Redundant Parts") with a value exceeding the Scrap Threshold Value shall remain the property of the Customer and be temporarily stored at the CONTRACTOR facility. If CONTRACTOR and the Customer cannot agree on the disposal or the Customer does not arrange for the collection of any such stored Redundant Parts within twelve (12) consecutive months after Redelivery of the respective Engine, Module or Part, or such collection or disposition of any such Redundant Parts is delayed for any reason whatsoever for more than the twelve (12) consecutive months, title to such Redundant Parts shall at the end of that period transfer from the Customer to CONTRACTOR, and CONTRACTOR may dispose of such Parts at its sole discretion.



## **8 CHARGES**

- 8.1 For all Services provided on a time and material basis, the Customer shall pay the sums charged in accordance with APPENDIX B1 and B2
- 8.2 For all Services provided on a NTE Price basis, the Customer shall pay the sums charged in accordance with APPENDIX B3.
- 8.3 For all Services not covered by NTE Price, the Customer shall pay the sums charged in accordance with APPENDIX B2 and B4.
- 8.4 All charges shall be subject to annual escalation in accordance with APPENDIX C.

## CLAUSE 9 PAYMENT

- 9.1 Services rendered for the Customer shall be separately invoiced by CONTRACTOR with respect to each individual Purchase Order.
- 9.2 All CONTRACTOR's invoices shall be payable within 30 (thirty) days from a date of invoice receipt by Customer unless otherwise mutually agreed by the Parties.
- 9.3 Invoices shall be issued in US-Dollar and forwarded to the Customer in duplicate. All invoices should be sent to the Customer to the following e-mail address: [amd9@rossiya-airlines.com](mailto:amd9@rossiya-airlines.com) without any undue delay. All payments shall be made in full net cash - free of all charges - in on CONTRACTOR's bank account with

Bank Details of CONTRACTOR

Bank details of the Customer:

Account holder: ROSSIYA AIRLINES JSC

Acc. Nr: 40702840455000000096

Currency: USD

SWIFT: SABRRU2P

Bank: SBERBANK (SEVERO-ZAPADNY HEAD OFFICE) ST.PETERSBURG, RUSSIA

- 9.4 Parties shall pay bank expenses, if any, charged by their appropriate banks. For avoidance of any doubt Parties shall not pay any bank expenses charged by a bank of the other Party. All payments shall be due upon receipt of the invoice by Customer and unless otherwise stipulated herein, shall be paid to CONTRACTOR within thirty (30) calendar days after receipt of the respective invoice.
- 9.5 In case of Excusable Delays, CONTRACTOR shall be entitled to the payment of an adequate and reasonable partial payment for Services already rendered.
- 9.6 If the Customer is in default of any payment obligation, CONTRACTOR shall be entitled, without reminder and prejudice to any of its other rights under this Agreement or available to it at law or in equity, to charge interest on any overdue payment at a rate of one percent (1%) per month.
- 9.7 If the Customer is in default of any payment obligation, CONTRACTOR may postpone the performance of its own obligations under this Agreement until such payment is made.
- 9.8 Provided that Customer has leased the Engine or Module from a leasing company or a similar entity (the "Lessor") and if Customer is in default of any payment obligation, Customer consents to CONTRACTOR making a separate arrangement with the Lessor for the settlement of Customer's debts and agrees to CONTRACTOR returning the Engine or Module directly to the Lessor. It shall be at CONTRACTOR's full discretion to enter into any such arrangement or not and any such arrangement shall not relieve Customer from any of its obligations under this Agreement.
- 9.9 The Customer shall not be obligated to pay any portion of any invoice, which it disputes in good faith. The Customer shall have thirty (30) calendar days from the receipt of such invoice to notify CONTRACTOR in writing of any items which it disputes and shall specify its grounds therefore. Thereafter, the Parties shall, during the next forty-five (45) calendar days, endeavour to resolve the dispute among themselves in good faith, failing which the dispute shall be resolved as set forth in CLAUSE 16.

## CLAUSE 10 TAXES

- 10.1 For purposes of this Agreement, the term "Tax" or "Taxes" shall mean all federal, state, or municipal taxes, charges, contributions, fees, levies, imposts, duties (including import duties), tariffs, surcharges, or other assessments, including, without limitation, sales, use, transfer, gross receipts, excise, withholding or any similar charges or assessments or other tax, contribution or governmental fee of any kind whatsoever directly or indirectly imposed by any governmental authority, including any interest or penalties or additions thereto, whether disputed or not.
- 10.2 CONTRACTOR shall pay all Taxes levied on either party by authorities in the Federal Republic of Germany in connection with Services performed under this Agreement except if with regard to customs duties otherwise expressly agreed in CLAUSE 4 and Taxes based on Customer's net income.
- 10.3 Any Taxes levied by any authority outside the Federal Republic of Germany in connection with Services performed under this Agreement shall be borne by the Customer, except if with regard to customs duties otherwise expressly agreed in CLAUSE 4.
- 10.4 If Customer is required to withhold any tax or to make any other deduction or set-off from any payments, then such payments shall be increased to the extent necessary to ensure that, after making of the required deduction or withholding, CONTRACTOR receives and retains (free from any liability in respect of any such deduction or withholding) a net sum equal to the sum which CONTRACTOR would have received and so retained had no such deduction or withholding been made or required to be made (gross-up amount). CONTRACTOR shall render any assistance to Customer to obtain withholding tax reductions, refunds or exemptions. Customer shall be entitled to any refund of withholding taxes.

**CLAUSE 11 SUBCONTRACTING**

CONTRACTOR may subcontract Services hereunder to the OEM, CONTRACTOR Repair Facilities or to another qualified party to perform Services. Any permitted subcontracting shall not release CONTRACTOR from its obligations under this Agreement.

**CLAUSE 11 A SPARE ENGINE SUPPORT**

In order to support the operation of Customer's aircraft fleet, upon agreement by the Parties, CONTRACTOR may provide certain spare Engines to the Customer on a lease basis within the scope and subject to the terms and conditions of the separate lease engine support agreement which will be concluded by the Parties separately.

## CLAUSE 12 WARRANTY

- 12.1 CONTRACTOR warrants that at the time of Redelivery the Work carried out under this Agreement will have been performed in a workmanlike manner. This warranty is limited to CONTRACTOR's correcting at its facilities such Services as are shown to CONTRACTOR's reasonable satisfaction being defective, provided that the defect has arisen within eighteen (18) months of installation by the Customer or the first six thousand (6000 ) Flight Hours following Redelivery or within twenty (20) months after the date of Redelivery whichever shall first occur, provided further that written notice of the defect is received by CONTRACTOR within ninety (90) calendar days after discovery of any defect by the Customer. Transportation charges for return of defective Engines or Modules to CONTRACTOR and their reshipment will be borne by CONTRACTOR, provided that the defective item is returned in accordance with written shipping instructions of CONTRACTOR. In the event of a justified warranty claim hereunder, the warranty period shall be extended by the time required by CONTRACTOR to rectify the defect.
- 12.2 CONTRACTOR-H's warranty shall not apply in relation to the respective Engine, Module or Part:
- (a) if after Redelivery by CONTRACTOR the Customer, its servants, agents, subcontractors or third parties have abused, altered or repaired the Engine, Module or Part or have not operated the Engine or Module in accordance with the manufacturer's operating instructions or recommendations, or
  - (b) if Customer has applied excessive stress to the Engine, Module or Part including but not limited to operation under unusual or harmful circumstances which were not made known to CONTRACTOR in writing at the time this Agreement was concluded, or
  - (c) if the Customer has not complied with its obligations under this Agreement.
- 12.3 The CONTRACTOR shall assign to the Customer any and all assignable warranties received by CONTRACTOR from its suppliers and manufacturers for all parts it supplied hereunder.
- 12.4 With respect to Parts repaired/overhauled by CONTRACTOR, its vendors and subcontractors according to Workscope, when installed on/in the Engine will have warranty after Engine release date: for repaired/overhauled parts 3000 EFH or 12 months whichever comes first.
- 12.5 With respect to new Parts supplied or incorporated in serviced Engine, CONTRACTOR's warranty is limited to the warranty obtained from OEM, which is equal to one year ( 12 months) or 4000 EFH whichever comes first from the date of Part shipment by OEM/vendor.
- 12.6 With respect to new or used Parts supplied or incorporated in serviced Engines, CONTRACTOR's warranty is, except for the workmanship involved in the incorporation of such used or new Parts, limited to the assignment of any warranty obtained from CONTRACTOR's suppliers. CONTRACTOR will on request of Customer, on behalf of Customer initiate a respective claim.
- 12.7 CONTRACTOR assumes no warranty (i) for parts supplied by the Customer and properly installed by CONTRACTOR, and (ii) for Services whatsoever which had to be performed by CONTRACTOR at Customer's express request despite CONTRACTOR's and/or its subcontractors' written recommendation to the contrary, including without limitation the use of any specific subcontractors for the performance of certain Services.
- 12.8 Within three (3) months after receipt of the written notice of the defect from Customer, CONTRACTOR will use its reasonable best efforts to determine if a warranty claim can be accepted.

12.9 In case the Customer asserts a warranty claim and as a result of the investigation it is established that CONTRACTOR is not liable for the defects claimed, the costs of investigation as well as any other costs and expenses connected with such claim shall be borne by the Customer and due and payable upon receipt of the respective invoice.

#### 12.10 EXCLUSIVE WARRANTIES, LIMITATION OF DAMAGES, AND SOLE WARRANTY REMEDY

12.10.1 THE LIMITED WARRANTY CONTAINED IN THIS CLAUSE 12 IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, WHETHER WRITTEN, ORAL, EX-PRESS, IMPLIED OR STATUTORY (INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE, SATISFACTORY QUALITY OR REASONABLE CARE & SKILL) OF WHATSOEVER NATURE AND HOWSOEVER AND WHENSOEVER ARISING.

12.10.2 CONTRACTOR'S SOLE CONTRACTUAL OBLIGATIONS TO THE CUSTOMER SHALL BE THOSE SPECIFICALLY SET FORTH IN THIS AGREEMENT. CUSTOMER WILL HAVE NO OTHER CLAIM AGAINST CONTRACTOR FOR BREACH OF CONTRACT OR BREACH OF WARRANTY.

12.10.3 WITHOUT PREJUDICE TO THE GENERALITY OF CLAUSE 12.10.2, CONTRACTOR SHALL BE UNDER NO LIABILITY WHATSOEVER TO THE CUSTOMER FOR ANY INDIRECT, SPECIAL, SECONDARY, INCIDENTAL OR CONSEQUENTIAL LOSS AND/OR EXPENSE, LOSS OF PROFITS OR REVENUE, LOSS OF USE, COST OF CAPITAL, COST OF SUBSTITUTE EQUIPMENT, FACILITIES OR SERVICES, AND/OR DOWNTIME COSTS, IN ANY CASE OF WHATSOEVER NATURE AND HOWSOEVER AND WHENSOEVER ARISING, SUFFERED BY THE CUSTOMER, ANY CUSTOMER INDEMNIFIED PARTY, AND/OR ANY THIRD PARTY ARISING OUT OF A BREACH BY CONTRACTOR OF THIS AGREEMENT INCLUDING BUT NOT LIMITED TO A BREACH OF CLAUSE 12 OF THIS AGREEMENT.

#### 12.10.4 SOLE REMEDY FOR BREACH OF WARRANTY

The liability of CONTRACTOR and any CONTRACTOR Indemnified Party connected with or resulting from the warranty contained in this CLAUSE 12, and, without limitation, any other breach by it or them in its performance of this Agreement, shall be limited to repair and/or replacement by CONTRACTOR or its designee of the Part or Parts serviced under this warranty and shall not in any case exceed the cost of correcting the defect as provided, and, upon the expiration of the shortest period described therein, all such liability shall terminate. The foregoing shall constitute the sole remedy of Customer and the sole liability of CONTRACTOR with respect to any warranty.

12.11 Upon request and after written authorization by Customer and supply of proper documentation, CONTRACTOR offers to administer generic industry-wide OEM support programs on behalf of the Customer with respect to deficiencies and/or improvement of Parts as assigned in OEM manuals and publications. The allowances and benefits - if so granted by the OEM or other vendors - with respect to such support programs will be transferred to the Customer unless otherwise agreed by the Parties. CONTRACTOR-H's service hereunder only embraces the completion of the OEM's standard claim form to initiate a Customer claim under such support program. For the avoidance of doubt, it is expressly agreed that CONTRACTOR is not obligated to undertake any further administrative or legal activities whatsoever against the OEM, e.g. if the OEM refuses to grant allowances under its support programs to the Customer. The Customer shall pay to CONTRACTOR an administration fee of US\$ five hundred (US\$ 500.00) per claim to cover collection of data, plus verifiable reasonable expenses for special tasks such as engineering investigations and further claim administration incurred in connection with justifying claims eligible for such OEM support programs. Any such claim will only be administered if the Customer has concluded and maintained a valid general terms agreement with the OEM.

- 12.12 When CONTRACTOR performs Performance Restoration as per defined Workslope on Customer's Engine, CONTRACTOR shall endeavor to achieve the following EGT margin as measured during final test cell run at CONTRACTOR's Facility:

<b>Worsklope</b>	<b>Engine type</b>	<b>EGT margin</b>
Performance Restoration	CFM56-7B	45°C

CONTRACTOR shall compensate Customer US-Dollars one-thousand (US\$ 1,000.00) as liquidated damages per degree Centigrade of EGT margin shortfall, to the exclusion of Rogue Units.

- 12.13 Non-compliance of an Engine with the specified EGT margin can only be determined and demonstrated by a test run at CONTRACTOR's Facility.
- 12.14 Engines that fall short behind the agreed EGT margin by more than ten (10) degrees Centigrade (to the exclusion of Rogue Units) are to be re-worked by CONTRACTOR, at no cost to Customer, until a minimum of the above listed guaranteed EGT Margin minus 10 degrees Centigrade is obtained.



## CLAUSE 13 LIABILITY AND INDEMNIFICATION

- 13.1 Subject to the liability limitation set forth in CLAUSE 13.2, CONTRACTOR shall be liable to the Customer, its Affiliates and each of their respective directors, officers and employees (the "Customer Indemnified Parties") for Damages (as hereinafter defined) and CONTRACTOR shall indemnify and hold harmless the Customer Indemnified Parties from any Damages arising out of the Services performed by CONTRACTOR-H, its Affiliates and each of their respective officers, directors, employees, agents and authorized subcontractors (the "CONTRACTOR's Indemnified Parties") under this Agreement to the extent caused by the Negligence (as hereinafter defined) or the willful misconduct of the CONTRACTOR's Indemnified Parties.
- 13.2 In cases of Negligence of the CONTRACTOR Indemnified Parties CONTRACTOR's liability and indemnity obligation set forth in CLAUSE 13.1 above is limited to US Dollars ten million (US\$10,000,000) per occurrence or in the aggregate per year, provided however, that in no event shall CONTRACTOR be liable to, or indemnify, the Customer Indemnified Parties for any indirect, special, secondary, incidental or consequential loss and/or expense; loss of profit or revenue; loss of use; cost of capital; cost of substitute equipment, facilities or services and/or downtime costs; in any case of whatsoever nature and howsoever and whensoever arising, suffered by the Customer, Customer Indemnified Party and/or any third party.
- 13.3 THE FOREGOING INDEMNITY OBLIGATIONS OF CONTRACTOR ARE EXCLUSIVE AND ARE GIVEN AND ACCEPTED IN LIEU OF ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY BY CUSTOMER OR CUSTOMER INDEMNIFIED PARTIES UNDER ANY CAUSE OF ACTION, WHETHER IN CONTRACT, TORT, STATUTE, STRICT LIABILITY, PRODUCT LIABILITY OR OTHERWISE, WHETHER OR NOT ARISING FROM CONTRACTOR'S NEGLIGENCE, ACTUAL OR IMPUTED, PROVIDED THAT THE FOREGOING LIMITATION SHALL NOT LIMIT CUSTOMER'S CONTRACTUAL CLAIMS FOR BREACH OF WARRANTY UNDER CLAUSE 12. THE LIABILITY OF CONTRACTOR TO CUSTOMER SHALL BE LIMITED TO THAT PROVIDED IN CLAUSE 13 OF THIS AGREEMENT TO THE EXCLUSION OF ANY AND ALL OTHER REMEDIES TO THE FULLEST EXTENT PERMISSIBLE UNDER THE APPLICABLE LAW CHOSEN BY THE PARTIES TO THIS AGREEMENT OR OTHERWISE APPLIED BY A COMPETENT COURT.
- 13.4 Customer shall indemnify and hold harmless the CONTRACTOR's Indemnified Parties from any Damages suffered by such CONTRACTOR's Indemnified Parties in connection with the performance of its obligations under this Agreement arising out of or resulting from the Negligence or willful misconduct of any of the Customer Indemnified Parties. In addition, the Customer shall indemnify and hold harmless the CONTRACTOR's Indemnified Parties from any and all claims in excess of US Dollars ten million (US\$10,000,000) per occurrence or in the aggregate per year and for any indirect, special, secondary, incidental or consequential loss and/or expense, loss of profit or revenue, loss of use, cost of capital, cost of substitute equipment, facilities or services, and/or downtime costs in any case of whatsoever nature and howsoever and whensoever arising by the Customer Indemnified Parties and/or any third parties for Damages caused by the Negligence of the CONTRACTOR's Indemnified Parties.
- 13.5 The Customer shall furnish insurance certificates indicating satisfactory insurance coverage concerning loss or damage of the aircraft as well as passenger and third party legal liability. The liability insurances shall name the CONTRACTOR's Indemnified Parties as additional assured shall also include that the insurers accept and insure the indemnification and hold harmless provisions of this CLAUSE 13. The hull insurance shall contain a waiver of recourse in favor of the CONTRACTOR's Indemnified Parties except in cases of the CONTRACTOR's Indemnified Parties' liability as outlined in this CLAUSE 13.

Any deductibles shall be the sole responsibility of the Customer.

- 13.6 Upon Customer's request, CONTRACTOR shall have its insurers provide certificates of insurance evidencing satisfactory insurance coverage concerning hangar keepers and third party legal liability. Such insurance certificates shall also include that the insurers accept and insure the indemnification and hold harmless provisions of this CLAUSE 13. Any deductibles shall be the sole responsibility of CONTRACTOR.
- 13.7 For the purposes of this CLAUSE 13, "Damages" means any and all liabilities, damages, expenses, suits or judgments including reasonable attorney(s) fees for the death of or bodily injury to any person and for the loss of, damage to or destruction of any property in any manner, provided, however, that the limitations on recoverable damages contained in CLAUSES 13.1 and **Ошибка! Источник ссылки не найден.** shall remain in effect for the purposes stated therein; and "Negligence" means any form of actionable negligence in any jurisdiction (or equivalent thereof) including without limitation tortious or contractual, and whether slight, simple, ordinary, inadvertent and gross negligence but excluding willful misconduct.

## CLAUSE 14 MISCELLANEOUS

### 14.1 Interpretation

The rule of construction that ambiguities or inconsistencies are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement to favor any Party against the other. Ambiguities or inconsistencies shall be resolved by applying the most reasonable interpretation under the circumstances, giving full consideration to the intentions of the Parties at the time of conclusion of this Agreement.

### 14.2 Order of precedence

Unless otherwise expressly provided, in the event of any inconsistencies between the provisions of this Agreement and its appendices, schedules, addenda, annexes or exhibits hereto, the provisions of this Agreement shall prevail.

### 14.3 Merger of negotiations

The terms and provisions contained herein constitute the entire Agreement between the Parties and the Parties agree that neither of them has placed any reliance whatsoever on any representations, agreements, statements or understandings made prior to the signature of this Agreement whether orally or in writing relating to the scope of this Agreement other than those expressly incorporated in this Agreement which has been negotiated on the basis that its provisions represent their entire agreement relating to the subject matter hereof and shall supersede all such representations, agreements, statements and understandings.

### 14.4 Property and risk

The risk in respect of loss of or damage to the Supplies shall pass to CONTRACTOR on Delivery to CONTRACTOR in accordance with CLAUSE 4 and shall remain with CONTRACTOR until Redelivered in accordance with CLAUSE 4. CONTRACTOR shall maintain adequate insurance coverage against loss of or damage to the Supplies while they are in its care, custody and control. Should any of the Supplies delivered to CONTRACTOR according to CLAUSE 4 above while being in CONTRACTOR's care, custody and control due to CONTRACTOR's default be destroyed or damaged, howsoever, CONTRACTOR as its sole responsibility and as Customer's sole remedy with regard thereto, will either (as CONTRACTOR may in its discretion decide) provide an adequate replacement or pay to the Customer the actual replacement cost of the items concerned. CONTRACTOR shall at all times ensure that Supplies in its care, custody and control do not by its act or omission become the subject of any third party lien, tax, charge, duty or encumbrance and CONTRACTOR shall indemnify the Customer against all costs, expenses and damages which the Customer may incur or suffer by reason of CONTRACTOR failing to carry out its obligations under this CLAUSE.

### 14.5 Title to Rotable and Exchange Parts

Title to Rotable Parts and Exchange Parts shall pass to the Customer upon payment in full of CONTRACTOR's respective invoices for such Services and in exchange for the transfer of the replaced Part to CONTRACTOR. Risk of loss or damage to Rotable and Exchange Parts shall pass to Customer at the time of Redelivery. The Customer and CONTRACTOR each represent and warrant that they will accomplish the transfer of the full legal title of any item exchanged in the context of this Agreement free and clear of all charges, liens and encumbrances. The Customer warrants the authorization of the title owner (if different from Customer) of such items to effect such exchange of title. Either Party will only with the prior written consent of the other enter into any arrangement or agreement which might

prejudice or impair its ability to perform its obligations under this CLAUSE.

#### 14.6 Assignment

Neither Party hereto may assign any of its rights or obligations under this Agreement without the prior written consent of the other Party (not to be unreasonably withheld or delayed) provided however that CONTRACTOR may, without the consent of Customer, assign (a) claims for monies due hereunder to a bank or other financial institution, and (b) this Agreement, in whole or in part to any of its Affiliates. Any assignment made in violation of this CLAUSE shall be null and void.

#### 14.7 No implied waivers

The failure of either Party to this Agreement to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision or a waiver of the right of such Party thereafter to enforce each and every such provision.

#### 14.8. Alterations and amendments

This Agreement shall not be altered or amended in any way other than by an instrument in writing entered into by the Parties hereto after the date of this Agreement, which shall be signed by authorized representatives of each of the Parties and which expressly states that the same amends or alters this Agreement.

#### 14.9. Intellectual property rights

The provision of Services under this Agreement shall not convey to Customer or any third party any rights or license under any patent or technology owned or contracted by CONTRACTOR.

#### 14.10. No precedent

This Agreement shall not be considered by either Party as a precedent for any future agreements between the Parties which relate to the same subject matter hereof.

#### 14.11. Relationship between the Parties

The relationship of the Parties hereto shall be that of independent CONTRACTORs. This Agreement neither expressly nor impliedly creates a relationship of principal and agent or employer and employee between CONTRACTOR and the Customer.

#### 14.12. Proprietary Information

In respect of all information acquired by either Party directly or indirectly from the other in connection with this Agreement, each Party undertakes:

not to disclose the information to any third party without the written permission of the other Party except only to the extent necessary to those of its employees to whom such disclosure is reasonably necessary for the performance of the Work. Any Affiliates of CONTRACTOR shall not be considered as a third party in this context and disclosure of necessary information as agreed with the Customer may be made available to any of them;

not to use information for any purpose other than performance of obligations in relation to the Services;

not to copy the information except as may be reasonably necessary for the purposes specified in this Agreement;

to return to the appropriate Party on demand all information which has been supplied by the other Party in the form of drawings or written provided such information is no longer required for the performance of or otherwise in relation to the Work.

The above clauses will not apply to any information which:

- (a) is or becomes generally known in the aero-engine industry otherwise than by breach of this Agreement, or
- (b) was in its possession by virtue of being recorded in its files or being in its use prior to the receipt or acquisition from the other Party, or
- (c) has been received from a bona fide person not receiving the information directly or indirectly from the other Party.

#### 14.13. Data protection

CONTRACTOR shall comply with the German Federal Data Protection Act (BDSG) and undertakes to take the technical and organizational measures detailed in § 9 of the BDSG and its Annex when dealing with personal data received from Customer, its officers, directors and employees. Upon request, CONTRACTOR shall make the respectively current version of the data protection and security conditions available to Customer.

#### 14.14. Export regulations.

The Parties acknowledge that any Parts, Services, technology and technical data provided under this Agreement are subject to U.S. export laws and regulations and may be subject to import and export regulations of other countries. Customer agrees that it will not use, distribute, transfer, dispose of or transmit the Parts, Services, technology or technical data (even if incorporated into other products) unless in compliance with U.S. export regulations and, if applicable, the import and export regulations of European Union or other countries. If requested by CONTRACTOR, Customer agrees to sign a written assurance and other export-related documents as may be required for CONTRACTOR to comply with applicable U.S. or other country export regulations. Nothing in this Agreement shall be construed as requiring a Party to perform an obligation that is noncompliant with any applicable export laws.

#### 14.15. Advertising

CONTRACTOR shall not, without the prior written permission of the Customer, refer to any of Customer's trade marks in connection with any advertising or advertise that it provides Services to the Customer.

#### 14.16. Customer Representative

The Customer shall have the right to appoint a representative at CONTRACTOR to consult with CONTRACTOR during the performance of Services. CONTRACTOR shall provide such Customer representative with reasonably suitable office space and communication facilities (telephone, electronic mail and facsimile) at CONTRACTOR's expense. All other costs connected with such appointment shall be borne by the Customer.

#### 14.17. Inspection

The Competent Airworthiness Authorities and the Customer representative (if any) may at all reasonable times, upon advance notice, inspect the performance of Services and the adherence to pertinent airworthiness regulations. Any such inspection shall not constitute an acceptance of Services.

#### 14.18. Third parties rights

Except for the Customer Indemnified Parties and CONTRACTOR Indemnified Parties, a person who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement. The rights of the Parties to terminate, rescind or agree any variation, waiver or settlement under this Agreement is not subject to the consent of any person that is not a Party.

#### 14.19. Anti-bribery clause

14.19.1 While performing their obligations hereunder, the Parties and their employees, shall not pay, shall not offer to pay nor shall approve payment of any money or valuables, directly or indirectly, to any persons for influencing actions or decisions of these persons so as to obtain any unlawful preferences or any other unlawful aims. While performing their obligations hereunder, the Parties and their employees shall not carry out any activities that for the purposes hereof in accordance with applicable legislation are qualified as giving/taking of bribery, commercial bribery, illegal gratification, abuse of power, as well actions violating applicable law and international treaties on counteraction to legitimizing of proceeds of crime.

14.19.2 Should a Party suspect that a breach of any provisions of mentioned in CLAUSE 14.20.1 has occurred or may occur, the Party is obliged to inform the other Party in writing. In the notice in writing the Party shall refer to acts or provide materials evidencing that a breach of any provisions mentioned in CLAUSE 14.20.1 has occurred or may occur.

14.19.3 Should a Party fail to refrain from actions set forth in the 14.20.1 the Party is entitled to unilaterally and extrajudicially terminate this Agreement by sending a termination notice in writing to the Party in breach. The Party initiating termination hereof in accordance with this sub-clause is entitled to claim compensation of direct, actual damages resulting from such termination.

## CLAUSE 15 DURATION AND TERMINATION

15.1 This Agreement shall become effective as of the date of last signature hereto and it shall automatically terminate on December 31<sup>st</sup>, 2019, unless prior to that date the Parties have agreed in writing on an extension or termination of the Agreement in accordance with CLAUSE 15.3 below. In case of the exercise of such option by either Party, the duration of this Agreement shall be extended accordingly. For any Purchase Orders placed prior to the date of expiration or termination this Agreement shall continue to be valid until fulfillment of all obligations of the Parties hereunder.

15.2 Notwithstanding CLAUSE 15.1 the rights and obligations of the Parties under the following CLAUSES shall survive any termination or expiration of this Agreement:

CLAUSE 10	(TAXES)
CLAUSE 12	(WARRANTY)
CLAUSE 13	(LIABILITY)
CLAUSE 14.12	(PROPRIETARY INFORMATION)
CLAUSE 14.18	(THIRD PARTIES RIGHTS)
CLAUSE 16	(LAW AND ARBITRATION).

15.3 If either the Customer or CONTRACTOR makes an agreement with creditors compounding debts, enters into liquidation whether compulsory or voluntary (otherwise than for the purpose of amalgamation or reconstruction), becomes insolvent, suffers receiver of the whole or parts of its assets to be appointed, or commits a breach of any of its material obligations under this Agreement (hereinafter collectively "Events of Default"), the defaulting Party shall have thirty (30) calendar days upon notification by the non-defaulting Party to remedy any such Event of Default or provide an acceptable plan for the remedy otherwise the non-defaulting Party shall have the right, without prejudice to any other right or remedy under applicable laws which rights and remedies shall be cumulative and not exclusive:

- (a) to terminate this Agreement or any Purchase Order hereunder with immediate effect by written notice, and/or
- (b) to stop any Work already commenced and to refuse to commence any further Work.

## CLAUSE 16 LAW AND DISPUTE RESOLUTION

- 16.1 This Agreement and any dispute or claim arising under or in connection with it or its subject matter of formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the laws of England to the exclusion of its conflict of law principles. The application of the United Nations Convention on Contracts for the International Sale of Goods of April 11, 1980, and Sale of Goods Act 1979 and the Supply of Goods & Services Act shall be excluded.
- 16.2 Any and all disputes arising out of or under this Agreement between the Parties shall be finally settled through arbitration in accordance with the Arbitration Act 1996 and any other laws amending, supplementing or replacing the same.
- 16.3 In addition to the rules of the Arbitration Act 1996, the Parties agree that the arbitration shall be conducted according to the IBA (International Bar Association) Rules of Evidence in International Arbitration.
- 16.4 The arbitral tribunal shall be constituted by a sole arbitrator, failing which three (3) arbitrators. Arbitral proceedings will be commenced when one Party serves on the other party or parties notice in writing requiring the other Party to appoint an arbitrator or to agree to the appointment of a nominated sole arbitrator. The other Party shall within thirty (30) calendar days following notification of arbitration by the other Party either agree to the appointment of the sole arbitrator or appoint their arbitrator. The first Party shall then within fourteen (14) calendar days either agree to the appointment of the other Party's arbitrator as sole or appoint their own arbitrator. Two (2) arbitrators so chosen shall then appoint a third arbitrator as chairman. Should one (1) Party delay agreement to the appointment of a sole arbitrator or appointment of its arbitrator, or if an arbitrator is or becomes for any reason unable to act or if the two (2) arbitrators cannot agree within thirty (30) calendar days as to the choice of a chairman, the President or Vice-President, for the time being, of the Chartered Institute of Arbitrators shall be asked to appoint such arbitrator. Arbitrators nominated or appointed should have experience of the nature of the matter(s) in dispute.
- 16.5 The place of arbitration (seat and hearings) shall be London, England, and conducted in English. The cost and expenses arising in conjunction with the arbitration proceedings, including without limitation the fees for the arbitrators and reasonable fees for attorney(s) retained by the Parties shall be borne by the losing Party or in case the award stipulates that a party prevails or loses only partially then such cost and expenses shall be allocated among the Parties in the same ratio.
- 16.6 The arbitral award shall be final and binding and each Party hereto waives any right of appeal in respect of such award to any court or other judicial authority. The existence as well as all aspects of the arbitration proceedings shall be kept strictly confidential by the Parties and the arbitral tribunal.



## CLAUSE 17 NOTICES

17.1 Any notice or communication to be served pursuant to this Agreement shall be sent by registered mail, or telefax or delivered personally and shall be deemed to have been duly given when received by the addressees under the following address:

For Customer:

Rossiia Airlines JSC  
Pilotov Street 18/4  
196210 Saint-Petersburg  
Russia

Attention: Contracts Unit, Technical Department  
Phone: +7 812 633 3954, +7 812 633 3952  
Fax: +7 812 633 3953  
E-Mail: [contractTD@rossiya-airlines.com](mailto:contractTD@rossiya-airlines.com)

For CONTRACTOR:

CONTRACTOR

Attention:

Fax:

17.2 Any Party may change its address by notifying the other Parties of such change of address in writing. All notices, reports, certificates, data and communications pertaining to this Agreement shall be in the English language.

IN WITNESS WHEREOF, each of the Parties hereto has caused this Agreement to be executed and delivered on its behalf by its duly authorized representative(s) as of the date(s) written below.

For and on behalf of  
  
CONTRACTOR

For and on behalf of  
  
Rossiya Airlines JSC

Date:

Date:

Name:

Name:

Title:

Title:

Name:

Name:

Title:

Title:

**APPENDIX A    Engine Serial Numbers**

**ENGINE SERIAL NUMBER**

038433		
894307		

Each Engine shall be Delivered in testable engine configuration.

**APPENDIX A1   Shop Visit Worksopce**

**APPENDIX B1 Rates Time and Material**

**APPENDIX B2 Fixed Rates**

Labour associated with standard disassembly, visual inspection, NDT, re-assembly, test . ( Routine work rates for all works not covered by theNTE Price):

**APPENDIX B3 NTE Price**

The NTE Price for Services defined in CLAUSES 2.3. for Workscope defined in Appendix A1:

- For ESN 038433 is \_\_\_\_\_ US Dollars
- ESN 894307 is \_\_\_\_\_ US Dollars

## APPENDIX B4

Time & Material rates for all works not covered by the NTE Price:

Man-Hour Rate	48 USD
Handling Charge for the non-LLP material supplied by the CONTRACTOR for Extra Work only	2.0% of CLP capped at 1,500 USD per part / 2,000 USD per line item
Handling Charge for the LLP material supplied by the CONTRACTOR	3.5 % of CLP capped at 4,500 USD per part
Handling Charge for the non-LLP material supplied by the Customer	2.0% of CLP capped at 1,500 USD per part / 2,000 USD per line item
Handling Charge for the LLP material supplied by the Customer	0%
Subcontract Handling Charge	5,0% of subCONTRACTOR's invoice



## **APPENDIX C   Escalation**

CONTRACTOR reserves the right to increase the prices and charges set out in this Agreement, as follows: