

WARRANTY for NEW AND OVERHAULED ENGINES

(1) **WARRANTY AND REMEDY:**

(1a) **NEW BUILT ENGINES:** Austro Engine GmbH (hereinafter „AE“), warrants each new AE reciprocating and rotary engine to be free from defect in material or workmanship under normal use and service. AE sole obligation under this warranty is limited to replacement or repair of parts which are determined by AE to have been defective within a period of thirty (30) months ex Works for new engines only, or twenty four (24) months from the date of first operation or for 1000 Engine Operating Hours which occurs first. AE will, in connection with the foregoing warranty, cover reimbursement of reasonable freight charges with respect to any such warranty replacement or repair.

(1b) **OVERHAULED ENGINES** the same conditions as above are applicable to overhauled engines, or new engines supplied for the price of an overhauled engine, with the exception of the warranty period. The period for these engines is six (6) months or 500 Engine Operating Hours, whatever occurs first.

(2) A claim for warranty on any part claimed to be defective must be reported in writing to AE Warranty Administration within thirty (30) days of being found to require repair or replacement by the Purchaser or service facility. Upon discovery of an alleged defect the Purchaser shall additionally, within thirty (30) days from such discovery, deliver the engine, component or part to a AE authorized service partner. The AE authorized service partner may require proof of original equipment or, in case of replacement parts, proof of purchase from AE. The acknowledgment of the claim shall only be made by AE. Warranty adjustment is contingent upon the Purchaser complying with the AE Warranty Administration disposition instructions for defective parts.

Failure to comply with all of the terms of this agreement may, at AE sole option, void this warranty. Troubleshooting costs associated with identifying the need for warranty repair or replacement will be covered by AE up to ten percent (10%) of total allowed repair labour costs.

(3) Within the warranty period, AE will reimburse the Purchaser for labour charges associated with warranty related issues. AE will only reimburse the cost of such labour charges in connection with repair or replacement of parts as provided in AE then current Removal and Installation Labour and Allowance Guidebook.

Spare parts installed as warranty replacement on engines which are covered by this New Engine Warranty will be warranted for the balance of the original warranty period or for the spare part warranty, whichever is the greater. Replacement of parts may be with either new or reconditioned parts, at AE selection.

(4) AE will reimburse transportation costs associated with repair or replacement of any engine, component or part determined by AE to have been defective within the warranty period. The engine, component or part must be shipped prepaid to the AE authorized service partner or the repair facility designated by AE. Transportation cost reimbursement for engines will be the actual surface freight charge or EUR 500, - , whichever is less. The reimbursement of transportation costs for components or parts will be the actual surface freight charge for shipment of the components or parts or EUR 200, - whichever is less.

(5) This warranty shall not apply to any engine, part thereof, component or material which has been repaired or altered outside AE factory or a AE authorized service partner in any way so as, in AE's sole judgment, to affect its durability, safety or reliability, or which has been subject to misuse, negligence or accident. Repairs and alterations which use or incorporate parts and components other than genuine AE parts or parts approved by AE for direct acquisition from sources other than AE itself are not warranted by AE, and this warranty shall be void to the extent that such

repairs and alterations, in AE sole judgment, affect the durability, safety or reliability of the engine or any part thereof, or damage genuine AE or AE-approved parts. No person, corporation or organization, including distributors of AE engines, is authorized by AE to assume for it any other liability in connection with the sale of its engines or parts, nor to make any warranties beyond the foregoing warranty nor to change any of the terms hereof.

No statement, whether written or oral, made by any person, corporation or organization, including distributors of AE engines may be taken as a warranty nor will it bind AE. No agreement varying the terms of this warranty or AE obligations under it is binding upon AE unless in writing and signed by a duly authorized representative of AE.

(6) This warranty shall not apply to any engine, part thereof, component or material which has been subject to misuse, non observance of service and maintenance regulations, normal wear and tear, negligence, unauthorized alteration or accident (e.g. ice or bird strike). It shall further not apply with respect to defects due to extraordinary wear or exposure, including, but not limited to, the effects of hail, volcanic eruption, "acid" rain, dust and/or sand storms, chemical discharges, foreign objects and other such unpredictable phenomenon, whether natural or manmade, which is beyond the control of AE.

Defects resulting from Acts of God (such as sabotage, riots, war vandalism or environmental catastrophes) shall not be covered under this warranty.

(7) This warranty is the only warranty made by AE. The Purchaser's sole remedy for a breach of this warranty or any defect in a part is the repair or replacement of engine parts and reimbursement of reasonable freight charges as provided herein. AE excludes liability, whether as a result of a breach of consequential damages, including, but not limited to, damage to the engine or other property (including the aircraft in which the engine is installed), costs and expenses resulting from required changes or modifications to engine components and assemblies, changes in

retirement lives and overhaul periods, local customs fees and taxes, and costs or expenses for commercial losses or lost profits due to loss of use or grounding of the aircraft in which the engine is installed or otherwise. AE total liability for any and all claims related to any engine shall in no case exceed the original sales price of the engine. Seller makes no warranty and disclaims all liability with respect to components or parts damaged by, or worn due to, corrosion.

This agreement regulates and provides for all representations and warranties made and given by AE in connection with the engine. The warranty does not constitute a guarantee. All other rights, representations and warranties, whatsoever, express or implied shall be excluded. In particular, but not limited to, the implied warranties of merchantability or fitness for a particular purpose or use shall be excluded. This also applies to all parts, equipment, components and/or accessories.

(8) LIABILITY: The liability, if any, of AE, its directors and representatives, employees and/or agents in connection with or resulting from this agreement and the engine shall be excluded, as far as no legal liability exists for gross negligence and intention. This shall not apply to direct personal injury. The liability for indirect, special, exemplary, punitive or consequential damages, loss of profit, loss of engine use or of business, resulting from omissions or default, performance or non-performance of this agreement, irrespective whether the basis of the liability is default, tort, breach of contract or of statutes, by the persons mentioned above or by other third parties, including for fines and fees, shall be excluded.

AE's liability shall in any event be limited with the amount of the purchase price. All claims for damages shall be time-barred and prescribed within 6 months after the Purchaser has received knowledge of the damage or – at the latest - 30 months after the delivery of the engine.

This liability of AE cannot and shall not be amended or extended in any way by (i) services or acts of third parties, in particular, but not limited to, by AE employees or

service centers employees, manufactures, or (ii) by the resale, or transfer of ownership of the engine, including import and export of the engine.

(9) The Purchaser has no right of set-off against any counter-claims unless they have been determined by final judicial decision or are acknowledged in writing by AE. Any Purchaser's right of retention shall be excluded. Any assignment by the Purchaser of any rights and obligations under this agreement (and any additional and/or supplementary agreements) requires the prior written consent of AE or shall be permitted as explicitly provided for in this agreement.

The Parties declare that there are no oral side agreements. No amendments or supplements will be effective unless made in writing. This formal requirement may only be waived in writing by both Parties. All annexes, enclosures, attachments etc. shall constitute an integrated part of this agreement.

Should any provision contained herein be or become invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining agreement, which will continue to be valid and enforceable. In such event the invalid provision shall be substituted by a provision so as best to accomplish the economic objective of such invalid provision.

This agreement and any disputes arising from it or connected with it including its applicability and termination shall be governed by Austrian law, except for its conflict of law rules and the UN Convention of the Sale of Goods.

The place of payment and performance of all contractual obligations shall be A-2700 Wiener Neustadt, Austria. Exclusive place of jurisdiction shall be the competent court in A-2700 Wiener Neustadt, Austria. However, AE shall be entitled to initiate legal proceedings, such as injunctions or other preliminary measures to secure AE's rights hereunder or the engine subject to its retention of ownership title before the courts having respective jurisdiction in situ.

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