

**Contract
for
Upgrade of Magyar Automated and Integrated Air Traffic Control System MATIAS
(Build 10)**



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1. PARTIES

This Contract is concluded by and between

HungaroControl Hungarian Air Navigation Services Private Limited Company

Tax No.: 13851325-2-44
EU tax No.: HU13851325
Company Registration No.: Cg. 01-10-045570
having its registered office at: 1185 Budapest, Igló u. 33-35, Hungary
represented by: Barnabás KIS, ANS Planning and Development Director
Gyula HANGYÁL, ATM Director

(hereinafter referred to as the "**Buyer**"),

and

Thales Air Systems S.A.S

EU Tax No.: FR 15 319 159 877
Company Registration No.: RCS 319 159 877
having its registered office at: 3 avenue Charles Lindbergh, 94150 RUNGIS, France
represented by: Olivier Achard, Vice President International Sales

(hereinafter referred to as the "**Seller**").

individually referred to as "**Party**",

Buyer and Seller collectively referred to as "**Parties**".

2. PREAMBLE

On the 3rd of April 2013, the Buyer issued an invitation to tender in respect of the upgrade of Magyar Automated and Integrated Air Traffic Control System MATIAS (Build 10).

Further to this invitation to tender, the Seller has been awarded the Contract.

In consideration of the mutual covenants and promises herein set forth, the Seller will provide the Buyer with the MATIAS (Build 10) upgrade and grant to the Buyer, and the Buyer hereby accepts, a licence to use the MATIAS (Build 10) upgrade with the Designated Units on the following terms and conditions.

3. DEFINITIONS

- “Contract” means this Contract.
- “Contract Number” is HC-2013-4212.
- “Designated Units” means all the equipment comprising the MATIAS ATC System located at the Site.
- “Detailed Design Complete” means the point at which the Buyer will sign the Detailed Design Complete Certificate, being the point in time when both Parties approve the ECPs Build 10 detailed technical descriptions as captured in the SMF documents.
- “Documentation” means all the written information or diagrams and data relating to the use of the Software specified in this Contract and include any new issues subsequently supplied by the Seller under any Support Agreement.
- “ECPs” or “ECP Build 10” means the complete set of Engineering Change Proposals (ECPs) defined in Annex 4 of this Contract, or the ECPs delivered in either of the two builds, Build 10.1 and Build 10.2, the composition of each Delivery shall be agreed between the Buyer and the Seller.
- “Hardware” means the hardware to be supplied by the Seller under this Contract, as defined in Annex 4 of this Contract.
- “MATIAS ATC System” means the Eurocat 2000E based Air Traffic Control system as modified to provide Air Traffic Control in the Hungarian airspace delivered under Contract No. 103-63-5-3029 between Komplex and Siemens AG incl. Amendments, the contracts numbered 500893 and 501080 between the Buyer and THALES ATM GmbH and the contracts JP25052005, 301/3187/2005, HC-2006/20223, HC-2006/20224, HC-2007-577 (Matias Build 4,5), HC-2006-562 (Matias Build 6), HC-2008-956 (Matias Build 7), HC-2010-1626 (Matias Build 8) and HC-2012-3100 (Matias Build 9) between the Buyer and the Seller (hereinafter collectively referred to as the “Supply Contracts”).
- “Medium” means magnetic tapes, discs or other media on which the Software is stored.
- “Modify” means adapting, translating, improving, extending or merging the Software.
- “Permanent Establishment” means the permanent establishment opened in Hungary by the Seller in accordance with Hungarian law under the VAT number HU 26961857, by which invoices for services performed in Hungary will be issued.
- “Preliminary Design Complete” means the point at which the Buyer will sign the Preliminary design complete certificate, being the point in time when both Parties approve the Build 10 preliminary technical descriptions as captured in the ECP documents.
- “Program” means the development and supply of a system upgrade (ECP Build 10) to the MATIAS ATC System
- “Release” means the release status of the Software provided under the Contract.
- “ECP Build 10 Factory Acceptance Test” means the Buyer attended demonstration of the new functionality that is provided by the ECPs delivered in each build. The demonstration will occur at the premises of the Seller.

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- “ECP Build 10 Factory Acceptance Test Complete” means the point at which the ECP Build 10 Factory Acceptance Test for each Delivery is successfully completed and ECP Build 10 Factory Acceptance Test Complete certificate for that Delivery is signed.
- “ECP Build 10 OFL SAT” means the formal acceptance of the ECP Build 10 on the OFL platform on Site for each Delivery. This testing will be conducted by running formal scripted tests and by non-regression testing.
- “ECP Build 10 OFL SAT Complete” means the point at which the ECP Build 10 OFL SAT testing of each Delivery, including Buyer non-regression testing, is successfully completed and ECP Build 10 OFL Site Acceptance Test Complete certificate for that Delivery is signed.
- “Site” means ATC Centre in Budapest, at the Buyer’s seat (Igló utca 33-35, Budapest, H-1185, Hungary).
- “Software” means a set of software evolutions supplied by the Seller under this Contract comprising the ECP Build 10 composed of packages, configurations, parameterisations, and associated documentation.
- “Source Code” means the source code listing, flow charts, assembler instructions and other source material for the Software.
- “VAT” means the Hungarian Value Added Tax to be applied to invoices issued by the Permanent Establishment on services performed in Hungary.
- “PPA”: Act CVIII of 2011 on Public Procurements.
- “Civil Code”: the Civil Code of Hungary.

4. SCOPE OF SUPPLY

The purpose of this Contract is the development and supply of a build of software upgrades (‘ECPs’) to the MATIAS ATC System as accepted and delivered under the Supply Contracts. The detailed description of the ECPs and schedule for their implementation is at Annex 4 and Annex 2 to this Contract respectively.

5. PERFORMANCE AND DELIVERY

5.1 Performance

The performance of this Contract shall commence after the Effective Date of Contract, described in Article 16.

5.2 Software Delivery

Delivery of the ECPs in Build 10 shall be in the form of a Software Releases of the ECPs Builds 10.1 and 10.2 to the MATIAS ATC System at the Site. Associated documentation, described in Annex 1 shall be delivered in line with the dates indicated in Annex 2.

The GRIB2 ECP shall be treated separately, because it shall be delivered before November 2013.

Each ECP Build 10 shall be integrated and validated on a Supply Contract Software Release as installed at the time of commencement of site installation of the ECP Build 10 on the OFL platform.

Each ECP Build 10 will be accepted on the OFL platform through an ECP Build 10 OFL SAT Complete. Following the acceptance, the Buyer will train his staff with regard to the operational use of the new ECP Build 10. After the training is completed the Seller shall support the installation of the new ECP Build 10 version onto the ONL platform. The Buyer shall give the Seller at least a two-week notice of the date for the installation onto the ONL platform. The Buyer retains full responsibility for the planning and implementation of the ONL installation/transition.

The status of Contract Software Release shall have no influence or bearing on the Delivery and acceptance of the ECP Build 10. Each ECP Build 10 shall be accepted in its own right. All problems exhibited in the Software that are not directly attributable to the ECP Build 10 not complying with the requirements of Annex 4, shall be dealt with solely under the provisions of the Supply Contracts.

In the event of any contract changes to the ECP Build 10, as described in Annex 4, that may occur prior to the beginning of integration of the ECP Build 10 under the terms of the Contract and affect the Scope of Work hereunder, the Seller and the Buyer shall agree if appropriate:

- a) The modifications to the scope of work hereunder,
- b) A reasonable adjustment in price to accommodate such modifications,
- c) The extension of the time for delivery of the ECPs.

The delivery of the ECP Build 10 to the Site leading to and including the ECP Build 10.2 OFL SAT Complete are dependent upon availability of OFL environment and associated personnel as defined in Article 8.

5.2.1 ECP Build 10 Factory Acceptance Testing

The ECP Build 10 shall be subject prior to delivery at the Site to the ECP Build 10.1 Factory Acceptance Test carried out by the Seller during a period of ten (10) working days and the Build 10.2 Factory acceptance test carried out by the Seller during a period of five (5) working days. The ECP Build 10 Factory Acceptance Test reports issued in English language will be sent by the Seller to the Buyer at the end of the ECP Build 10 Factory Acceptance Tests.

The Buyer shall be entitled to send representatives (within a limit of six (6) people) to attend the ECP Build 10 Factory Acceptance Tests. In such a case, the ECP Build 10 Factory Acceptance Test shall include a two-days free testing by the Buyer for each FATs, subject however to the provision by the Buyer of a list of tests it intends to run at each ECP Build 10 Factory Acceptance Test which shall be handed over to Seller prior to the relevant ECP Build 10 Factory Acceptance Test.

During the testing, the Seller shall use a dataset that was used on the MATIAS ONL system a maximum of sixty (60) days before the start of each ECP Build 10 Factory Acceptance Test to facilitate the comparison of the actual behaviour with the desired one.

For the purpose of the ECP Build 10 Factory Acceptance Test, the Seller shall give the Buyer at least a thirty (30)-day notice in writing of the foreseen date on which each of the ECP Build 10 Factory Acceptance Tests will take place, the final date being confirmed with a fourteen (14)-day prior written notice.

When an ECP Build 10 Factory Acceptance Test is successfully concluded, both Parties shall sign that ECP Build 10 Factory Acceptance Test Complete certificate within five (5) days after completion of the ECP Build 10 Factory Acceptance Test procedure. In the case the Buyer does not attend an ECP Build 10 Factory Acceptance Test, the Seller shall send the ECP Build 10 Factory Acceptance Test Complete certificate upon successful completion of the ECP Build 10 Factory Acceptance Test and the Buyer shall return the signed ECP Build 10 Factory Acceptance Test Complete certificate within five (5) days from receipt of the ECP Build 10 Factory Acceptance Test report.

Minor defects or shortcomings shall not prevent the signing of an ECP Build 10 Factory Acceptance Test Complete certificate, to the extent the Seller undertakes to rectify such minor defects and/or shortcoming, at the latest before each relevant ECP Build 10 OFL SAT in accordance with a schedule agreed between both Parties.

If the Buyer's representative fails to sign an ECP Build 10 Factory Acceptance Test Complete certificate as provided for and within the timeframe stipulated in this Article 5.2.1 without having notified the Seller the reason of such refusal in writing, the ECP Build 10 Factory Acceptance Test Complete certificate shall be signed by the Seller's Quality Manager and such certificate shall then have the same value and effect as if it had been signed by both Parties.

In the event that an ECP Build 10 Factory Acceptance Test is not successful and immediate re-testing is not possible then the ECP Build 10 Factory Acceptance test will be rescheduled at a time to be arranged between the Buyer and the Seller. In such a case, the lodging, traveling, and living expenses of the Buyer's representatives to the premises where the rescheduled ECP Build 10 Factory Acceptance Test is undertaken shall be borne by the Seller.

5.2.2 ECP Build 10 OFL SAT

The Seller will invite with prior written notification the Buyer to attend each ECP Build 10 OFL SAT.

Each ECP Build 10 OFL SAT will be carried out by the Seller in accordance with the ECP Build 10 OFL SAT procedure agreed by both Parties for a period of ten (10) working days, including a two-days free testing by the Buyer, subject however to the provision by the Buyer of a list of tests it intends to run at the

Software OFL SAT which shall be handed over to Seller prior to the Software OFL SAT. Such tests shall be completed within the period defined in the delivery schedule set forth in Annex 2.

In the event the live data necessary for an ECP Build 10 OFL SAT are not available at the date of the ECP Build 10 OFL SAT, the Seller shall be entitled to conduct that ECP Build 10 OFL SAT using simulated data.

During the testing the Seller shall use a dataset that was used on the MATIAS ONL system a maximum of sixty (60) days before the start of that SAT to facilitate the comparison of the behaviour with the desired one.

The Buyer shall sign an ECP Build 10 OFL SAT Complete certificate upon successful completion of the ECP Build 10 OFL SAT. Minor defects or shortcomings not affecting the use of an ECP Build 10 will not give rise to rejection of the ECP Build 10. Each ECP Build 10 OFL SAT Complete certificate shall incorporate an agreed schedule for the clearance of the outstanding observations, if any.

If for reasons solely due to the Buyer, the Build 10.1 or Build 10.2 OFL SAT is unable to proceed according to the proposed schedule or at a rearranged date within a three(3)-month period from the relevant planned ECP Build 10 OFL SAT date, the Seller shall be entitled to submit and be paid the sum payable on that ECP Build 10 OFL SAT Complete in accordance with the payment plan set forth in Article 7.1, subject to the provision by the Seller of a bank guarantee sent via SWIFT of an amount equal to the payment due by the Buyer at the ECP Build 10 OFL SAT, submitted by the Seller together with the relevant invoice. The bank guarantee shall be unconditional and irrevocable; the beneficiary shall be the Buyer. The bank guarantee shall be in a form agreed before by the Parties and sent via SWIFT. Such payment shall be without prejudice to Seller's contractual obligations, which shall be performed in accordance with the Contract as soon as the cause of delay has ceased. The bank guarantee shall become null and void upon the signature of the respective ECP Build 10 OFL SAT Complete Certificate,

In the event that the ECP Build 10.1 or ECP Build 10.2 OFL SAT Complete is delayed beyond its due date, as defined in the schedule at Annex 2, due solely to the default of the Seller of its obligations under this Contract, the Seller shall pay liquidated damages calculated at zero point five per cent (0.5%) of the value of the ECP Build 10 per week up to a maximum of five per cent (5 %) of the value of the ECP Build 10. Such liquidated damages shall be the sole remedy of the Buyer in respect of delay for the ECP Build 10 and shall be exclusive of any other damages and penalties of any nature whatsoever.

These liquidated damages shall not be applied if the ECP Build 10.2 OFL SAT Complete is performed before the ECP Build 10.2 OFL SAT Complete penalty date, i.e. thirty (30) days after the ECP Build 10 OFL SAT Complete due date, as defined in the schedule at Annex.

5.3 Hardware Delivery

The hardware delivery shall be deemed completed upon arrival of the Hardware at the Buyer's premises and upon acknowledgement by the Buyer of said delivery.

6. CONTRACT PRICE

The total price for the ECP Build 10 comprises the scope of work as described in Annex 1 "Documentation Delivery of ECP Build 10", Annex 2 "Time Schedule for the Delivery of ECP Build 10", Annex 3 "Acceptance Procedure of ECP Build 10", and Annex 4 "Technical Description of ECP Build 10".

The prices are given in EURO (€), and this currency shall be used for accounting, invoicing, and payments purposes. The price and delivery is DAP (Delivered at Place) HungaroControl Pte. Ltd. Co. headquarters H-1185 Budapest, Igló utca 33-35. in accordance with the Incoterms 2010:

ECP Build 10.1: € 6 030 000

(Six million and thirty thousand Euro)

ECP Build 10.2: € 5 650 000

(Five million and six hundred and fifty thousand Euro)

The total price for the ECP Build 10:

ECP Build 10: € 11 680 000

(Eleven million and six hundred and eighty thousand Euro)

The price is calculated excluding all taxes and duties, import and other charges levied in Hungary. The price includes the work performed by the Seller on Site that amounts to Euro 1 600 000 (One million and six hundred thousand Euro), which shall be invoiced by the Permanent Establishment and be subject to VAT at the rate applicable at the time the invoices are issued in addition to the Contract price.

The Seller hereby acknowledges that it is obliged to obtain from the appropriate Hungarian authority the certificate for his Hungarian permanent establishment required by the Substantive Law, and described in subparagraphs (1)-(6) of Article 36/A. of the Act XCII of 2003 on the Rules of Taxation.

7. TERMS OF PAYMENT

7.1 Payment Plan

Payments are due in Euro (€) according to the following payment plan wherein the Percentages are based on the total Contract Price:

Percentages	Value	Milestone
15%	€ 1 752 000	Due after Preliminary Design Complete and will be paid against: - Commercial invoice in 2 copies - Preliminary Design Complete Certificate signed by the representative of the Buyer
15%	€ 1 752 000	Due after the ECP Build 10.1 Detailed Design Complete and will be paid against: - Commercial invoice in 2 copies - Detailed Design Complete Certificate signed by the representative of the Buyer
10%	€ 1 168 000	Due after the ECP Build 10.2 Detailed Design Complete and will be paid against: - Commercial invoice in 2 copies - Detailed Design Complete Certificate signed by the representative of the Buyer
12%	€ 1 401 600	Due after the ECP Build 10.1 Factory Acceptance Test Complete and will be paid against: - Commercial invoice in 2 copies ECP Build 10.1 Factory Acceptance Test Complete Certificate signed by the representative of the Buyer
12%	€ 576 000 invoiced by the Seller in France € 825 600 invoiced by the Permanent Establishment +VAT at prevailing rate	Due after ECP Build 10.1 OFL SAT Complete and will be paid against: - Commercial invoice in 2 copies - ECP Build 10.1 OFL SAT Complete Certificate signed by the representative of the Buyer
18%	€ 2 102 400	Due after the ECP Build 10.2 Factory Acceptance Test Complete and will be paid against:

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		<ul style="list-style-type: none"> - Commercial invoice in 2 copies - ECP Build 10.2 Factory Acceptance Test Complete Certificate signed by the representative of the Buyer
18%	<p>€ 1 328 000 invoiced by the Seller in France</p> <p>€ 774 400 invoiced by the Permanent Establishment +VAT at prevailing rate</p>	<p>Due after ECP Build 10.2 OFL SAT Complete and will be paid against:</p> <ul style="list-style-type: none"> - Commercial invoice in 2 copies - ECP Build 10.2 OFL SAT Complete Certificate signed by the representative of the Buyer

The invoices shall be paid thirty (30) days net – after receipt of the invoice. For the transferring of the amount of the consideration of the services the regulations of the Article 130 of PPA shall apply.

The invoices should refer to the Contract Number given by the Buyer. The invoices shall be sent by registered mail directly to the Accounting Department of the Buyer to its registered office. Invoices sent by email should be sent to the postazo@hungarocontrol.hu email address.

The Seller shall not pay, and shall not enter into its accounts any costs that arise regarding any company not complying with the conditions set out in Article 56 (1) (k) of PPA if such costs are susceptible to decrease the taxable income of the Seller.

7.2 Bank Details

The bank account details for the payment of invoices issued by the Seller, or the Permanent Establishment are as follows:

THALES Number: 30007-99999-04008260000 89
 IBAN : FR76 3000 7999 9904 0082 6000 089
 BIC SWIFT : NATXFRPPXXX
 Adresse postale: NATIXIS
 BP N°4
 75060 PARIS CEDEX 2

Bank account details of the buyer:

Magyar Külkereskedelmi Bank Zrt.
 Address: 1056 Budapest, Váci u. 38.
 IBAN: HU27 1030 0002 1045 9732 4882 0029
 SWIFT: MKKBHUHB

Payment shall be made with reference to the Contract Number identified in the Article 3 "Definitions".

7.3 Interest

In case of overdue payments by the Buyer, the Seller shall be entitled to claim a payment penalty equal to the interest rate applicable to the main refinancing operations of the European Central Bank on a half-year basis, plus eight per cent (8%) per year. The interest shall be paid in addition to the invoiced amount and shall be calculated from the due date until the actual date of payment. The interest shall be calculated from the first day of delay.

In addition to the right to charge interest for late payment in the event that the Buyer fails unreasonably to provide the certificates referred to above, and/or fails to pay the sums due, the Seller shall be entitled to send a notice to the Buyer requiring such breaches to be rectified within twenty-one (21) days which failing shall entitle the Seller to suspend further work until the breaches are remedied. Furthermore, the Seller shall be entitled to charge the Buyer any justified extra costs incurred by such suspension, upon presentation of written evidence thereof.

8. BUYER DEPENDENCIES

The Buyer acknowledges and agrees that the performance of the Contract by the Seller is dependent on the provision by the Buyer of the items detailed in this Article 8 (hereinafter referred to as "Customer Furnished Items" or "CFI") in accordance with the delivery schedule set forth in Annex 2.

The Buyer shall make available to the Seller suitable access to the MATIAS OFL equipment / environment for the duration of the Site activities.

The Buyer shall make sure that the OFL rig of the ANS III building is available for the Seller after the software FAT.

The Buyer shall provide the Seller with live data for the ECP Build 10 OFL SAT.

Where Buyer personnel are needed to witness tests, these staff shall be made available in accordance with the schedule. If they fail to attend at the agreed time, then the Seller shall be entitled to perform the tests in their absence and sign the test certificate accordingly.

The Buyer is responsible for arranging any necessary security clearance to allow the Seller to carry out the site work.

The Buyer will provide an office for the sole use of the Seller throughout the period of the site activities. This office will be equipped with telephone, PC with E-Mail address and internet access.

The Buyer shall notify the Seller as soon as possible of any delay it foresees in the fulfilment of its obligations that may impact the performance by the Seller of this Contract in accordance with the schedule set forth in Annex 2, in order to enable the Seller to take measures to reduce the cost incurred by such delay.

In the event that the Buyer has not made available any of the CFI at the date set forth on the schedule in Annex 2 or the CFI are not in good working condition, the time schedule shall be extended accordingly and the Seller shall not be held liable for any delay. Furthermore, the Seller shall be entitled to charge the Buyer any justified extra costs incurred by such delays, upon presentation of written evidence thereof.

In addition to these general Buyer dependencies, further specific CFI are described in Annex 5.

9. TRANSFER OF RISK AND TITLE

The Hardware and the ECP Build 10 shall be delivered DAP (Delivered At Place) HungaroControl Pte. Ltd. Co; headquarters H-1185 Budapest, Iglo utca 33-35., according to the Incoterms 2010 of the International Chamber of Commerce.

The transfer of risk on the Hardware shall take place from the Seller to the Buyer upon DAP delivery.

Title to the Hardware shall pass to the Buyer upon loading to the first carrier.

The software licence granted under Article 14 for each ECP Build 10 as detailed in Annex 4 shall become effective upon each respective ECP Build 10 OFL SAT. Title to the Software licensed to the Buyer under this Contract shall not pass at any time to the Buyer but shall be retained by the Seller.

Equipment, tools, and materials used by Seller for the proper fulfilment of its obligations under this Contract, shall remain the property of Seller if not explicitly otherwise agreed upon in writing.

10. LIABILITIES

The Seller shall be liable to the Buyer only for damages which arise directly from the Seller's negligence or breach of statutory duty or breach of the Seller's duties and obligations under the Contract provided always that the aggregate of all damages payable by the Seller, howsoever caused including negligence of the Seller shall not exceed the total price of this Contract.

The Seller shall not be liable for any loss of production, loss of use, loss of revenue, loss of profit, loss of financing expenses, loss of information and data and any indirect or consequential losses of any kind.

Any liability of the Seller shall cease at the end of the relevant warranty period.

The limitation as provided hereinabove shall not apply if the said damages or injuries are due to Gross negligence, or caused wilfully.

“Gross negligence” shall mean an action or omission implying an obvious lack of care of the Seller (considering the seriousness of the consequences a reasonable man would have anticipated).

11. CHANGES AND REQUESTED SERVICES

Changes to the agreed configuration or the time schedule will lead to price / delivery period changes.

Detailed changes of Scope of Work and additional prices will be reflected in separate amendments.

12. WARRANTY

When used in the Contract “warranty” shall mean the term “jótállás” specified in Article 248 of the Civil Code.

12.1 Warranty for Software

Only software newly developed or modified for the ECP Build 10 is covered by the software warranty.

The Seller warrants that such software supplied as used on the Designated Units will conform in all respects to the technical specifications as agreed at the Design Complete milestone. The Seller undertakes to rectify any defects under the Warranty for a period of **twelve (12)** months from the date of the respective ECP Build 10 OFL SAT completion provided that the Buyer shall have notified in writing the Seller of the defects with all necessary details in relation to such defects within thirty (30) days of the defect is discovered.

The Seller shall immediately analyse the nature of the defect with the Buyer’s representative. If the nature of the defect is warrantable, the defects will be corrected at Seller’s expense by repair or replacement at Seller’s option.

The Seller shall have no liability in respect of defects in such software which (i) has been modified by the Buyer without Seller’s prior written agreement or (ii) when any anomaly that appears because of modification of the interface condition or use of the software which is not contemplated in the Contract.

The Seller does not warrant that the software shall be error free and operate without interruption.

12.2 Warranty for Hardware

The warranty period for the Hardware shall be twelve (12) months from the Hardware delivery, provided that the Buyer shall have notified the Seller in writing of the defects with all necessary details in relation to such defects within thirty (30) days after the defect is discovered.

The Seller shall immediately analyse the nature of the defect with the Buyer’s representative. If the nature of the defect is determined warrantable and the Hardware is defective, the defects will be corrected at the Seller's expense by repair or replacement at the Seller's option. Article 9 of the Contract shall pertain to the parts replaced by the Seller.

The transportation and insurance costs for parts returned shall be at the Seller's charge.

The above warranty shall apply only in as much as the Hardware has been used and maintained in compliance with the Seller's instructions as set forth in the operation and maintenance manual, and provided further that said Hardware has been used under normal operating conditions.

The above warranty shall not apply in case of normal wear and tear. It shall not cover Hardware either modified after their delivery without Seller's prior written agreement or involved in an accident.

The warranty herein contained in Article 12.1 and 12.2 constitutes the Seller’s sole responsibility in respect of warranty and the fulfilment of the above obligations by the Seller shall be in full satisfaction of the Seller’s liability with respect to defects in the ECP Build 10 occurring after ECP Build 10 OFL SAT Complete.

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13. FORCE MAJEURE

If during the carrying out of this Contract, by reasons or circumstances beyond the Seller's or Buyer's control, either Party is prevented from performing its duties and/or obligations or any part of them according to the Contract, the affected Party shall inform the other Party, in writing, within thirty (30) days of such circumstances are known by the affected Party and shall confirm this by registered letter within seven (7) days. The same procedure shall be in force at the expiration of the said circumstances. The following events shall be considered cases of such Force Majeure:

- State of war;
- General or partial strikes or fires in the Seller's or Sub-contractors' premises or Buyer's facilities;
- Explosions or natural calamities;
- Acts of Government that were not foreseeable ;
- Risk related to epidemics and/or contagious diseases
- Any other event beyond the Parties' control.

In case of Force Majeure, the Party affected by such event of Force Majeure shall not be held liable for failure to perform the Contract and the delivery periods described in the provided annex shall be extended by the number of days necessary to overcome the causes of delay.

If the duration of Force Majeure is more than five (5) months the Parties to this Contract shall examine the possible termination of this Contract and both the Buyer and the Seller shall have the right to terminate it according to Article 16.2 "Termination" or to establish in common agreement new terms of delivery.

14. INTELLECTUAL PROPERTY RIGHTS

All Intellectual Property Rights relating to the Software, including any modifications whatsoever thereto, and, as the case may be, associated services shall, subject to the rights of third parties, if any, remain exclusively with the Seller.

The licence herein granted to the Buyer is a non-exclusive non-transferable license to:

- (i) Use the Software with the Designated Units at the Site or any other of the Buyer's installations within Hungary to which the Designated Units may be transferred.
- (ii) Use the Source Code to Modify the Software or combine it with other software as may become necessary solely for the purpose contemplated by this Contract. However, the Seller offers no undertaking as to the performance of, and accepts no liability for defects in, such modified or combined Software unless the modification was performed by the Seller, or by the Buyer if the Seller previously agreed the modification. The Buyer shall ensure that the Medium on which each of such modifications is recorded bears the same marks and legends related to Property Rights as the original Software.
- (iii) In the event that the Seller is unable or unwilling to provide support for the Software, allow third parties to use the Source Code solely for the purpose of supporting the Software. Use by such third parties shall be subject to the third Party agreeing to an appropriate confidentiality undertaking with the Seller.

The license set forth in this Article 14 shall become effective upon successful completion of the respective ECP Build 10 OFL SAT Complete.

Use of the Software for any other purpose is not licensed hereunder and shall be subject to a separate agreement or an amendment to this Agreement.

The Seller hereby warrants that it is the owner of, or has been granted a license on all Intellectual Property Rights in the Software.

Should a claim arise concerning the infringement of Intellectual Property Right, the Buyer shall inform the Seller of such a claim without delay. The Seller shall defend the Buyer and bear all expenses relevant to the resulting lawsuit provided it has been given the opportunity to conduct the action and proceedings.

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Should a court or an arbitrator finally establish that there has been an infringement of a third party Intellectual Property Rights in the Software or should the Seller elect to do so, the Seller may choose one of the following solutions:

- To obtain the right, at its own expenses, for the Buyer to continue the use of the Software;
- To substitute equivalent Software for the infringing Software;
- To modify infringing Software so as to eliminate the infringement.

It is understood that the solution chosen by the Seller will not impair or reduce the performance of the Software described in the technical specification.

Subject to the limit of liability referred to in Article 10, the Seller shall indemnify the Buyer against all damages and costs awarded against the Buyer for infringement of any patent, copyright or registered design or registered trademark granted for the Software. The foregoing states the Seller's entire liability for said infringement.

15. OTHER RIGHTS AND OBLIGATIONS

15.1 Taxes and Duties

The Price is exclusive of any taxes and duties, which are or may become applicable outside French territories except otherwise defined.

All present and future taxes, customs duties or other value - based duties levied by authorities of the Buyer's country are to be borne by the Buyer; all transaction fees with reference to remittances in the Buyer's country are to be borne by the Buyer. All bank fees in the territory of the Seller's country are to be borne by the Seller.

The aforementioned provisions of this Article shall survive the completion, expiration or termination of this Contract.

For the invoices issued by the Seller in France, Hungarian VAT shall be selfaccounted by the Buyer under the reverse charge mechanism in addition to Contract Price. The invoices issued by the Permanent Establishment will be subject to VAT at the rate applicable at the time the invoices are issued in addition to the Contract Price. The Seller shall clearly state the VAT amount to be applied on each invoice together with the associated VAT registration number.

According to Article 12 of the tax treaty signed between Hungary and France, which supersedes both domestic laws, the software licence shall not be subject to withholding tax.

15.2 Secrecy

This Contract is of a confidential nature. Accordingly, the Parties agree to have their personnel respect the obligations of secrecy protection relating to any information pertaining to the Contract and to any information of a confidential nature which the personnel of each Party can have knowledge of during the performance of this Contract. The Parties note that the Buyer may have to share information, may pass any material financial information, as may be required by law or regulation, with regards to Article 31 of PPA. The Parties shall interpret their secrecy obligations in accordance with Articles 80-81 of PPA.

This article shall not prevent the Seller from public release of this Contract for commercial reference purpose.

The Buyer agrees to receive and hold in confidence the Software, not to disclose all or any part of the Software to any third party and to enforce all reasonable regulations on its officers, agents and employees to preserve the confidential nature of the Software.

The completion or the termination of this Contract will not relieve the Parties from their obligations under this Article.

15.3 Assignment of license

The Licence granted by the Seller under this Contract is personal to the Buyer and may not be assigned, transferred or sublicensed by the Buyer without the prior written agreement of the Seller.

15.4 Reproduction and Right of Use

The Buyer may make copies of the Software as may be reasonably required for the purpose of the operation of the Designated Units and back-up security, which may be used solely for such purposes. The Buyer may copy the Software only on a Medium approved by Seller. Such approval (which allows control of copies of the Software) shall be requested by the Buyer in writing and, when granted, shall be confirmed by the Seller in writing. Such approval shall not be unreasonably withheld. Furthermore, subject to Seller's restrictions, the Buyer may make such additional copies of the Documentation as may be reasonably required for the purpose contemplated by the Contract, which may be used only for such purposes. The Buyer shall keep a record of all copies of the Software it makes and give the Seller reasonable access to such records. The Buyer shall ensure that all copies of the Software it makes bear the same marks and legends relating to copyrights as the original Software supplied by the Seller hereunder (or under a Support Agreement as the case may be). Ownership of copies shall vest in the Seller from the time they are made by the Buyer.

15.5 Indemnity against Third Party Liability

The Parties hereto agree to indemnify and hold each other harmless against any claim made by any third party against one of them, on the grounds of any damages and/or loss arising out of any property damage or personal injury caused by any negligent act or omission of the indemnifying Party in the course of the performance of this Contract.

15.6 Partial Invalidity

If any provision contained in the Contract is or becomes ineffective or is held to be invalid by a competent authority or court having final jurisdiction thereon, all other provisions of the Contract shall remain in full force and effect on. The Parties shall mutually agree on a substituted provision for the said invalid provision that has an economic effect as similar as possible to the said provision. If the Parties fail to agree within a reasonable time on the provisions to be substituted, the matter may be referred to arbitration as per article 17.2.

15.7 Anti-Corruption Clause

The Seller shall neither promise nor make any gift or payment of money or goods of value either directly or indirectly to any officer or employee of a government of the Buyer or any department or agency thereof, or to any political party or candidate for political office for the corrupt purpose of inducing such official employee, party or candidate to misuse his position or to influence any act or decision of a government in order to obtain, retain, or direct business to the Seller or any subsidiary or affiliate thereof. In such case the Buyer can terminate this Contract immediately without any further liability to either Party.

15.8 Legal Successors

The rights and duties of this Contract shall be directly transferred to legal successors of the Buyer and the Seller, in accordance with the PPA.

15.9 Correspondence

The Parties assign the following primary contact persons:

- Contact person assigned on behalf of Buyer:
Barnabás Kis ANS Planning and Development Director
tel. no +36-1-293-4171
e-mail address: barnabas.kis@hungarocontrol.hu
- Contact person assigned on behalf of Seller:
Toufik Boumaza
tel. no +33-1-7961-3390
e-mail address: Toufik.boumaza@thalesgroup.com

The Parties may assign another contact person after informing the other party in writing any time.

The contact person assigned by the Buyer (Barnabás Kis ANS Planning and Development Director) shall have the right to sign the following certificates described in Article 7.1 of the Contract:

- Preliminary Design Complete Certificate,

- ECP Build 10.1 Detailed Design Complete Certificate,
- ECP Build 10.2 Detailed Design Complete Certificate,
- ECP Build 10.1 Factory Acceptance Tests Complete Certificate,
- ECP Build 10.2 Factory Acceptance Tests Complete Certificate,
- ECP Build 10.1 OFL SAT Complete Certificate,
- ECP Build 10.2 OFL SAT Complete Certificate.

16. EFFECTIVE DATE AND TERMINATION

16.1 Effective Date

This Contract shall enter into force after its signature by both Parties (the "Effective Date").

16.2 Termination

Either Party shall have the right to terminate this Contract in the following cases:

- The other Party is in material breach of its obligations and has failed to rectify within three (3) months of a written notice identifying the breach and requiring its rectification.
- The other Party has become insolvent and/or has entered into liquidation proceedings.

In the event of termination of the Contract by the Buyer, the Seller shall be reimbursed a fair and reasonable amount in respect of all work carried out and commitments incurred prior to the receipt of a notification of termination together with all costs incurred in complying with the termination.

17. LAW AND ARBITRATION

17.1 Substantive Law

The Contract shall be governed by Hungarian law without regard to conflicts of laws principles.

The Uniform Law of the International Sale of Goods and the United Nations Convention in respect of contracts relating to the Sale of Goods shall not apply.

17.2 Arbitration

In the event of any dispute, controversy, or claim arising out or in connection with this Contract, the Parties agree to submit the matter to settlement proceedings under the International Chamber of Commerce ADR Rules. If the dispute, controversy or claim has not been settled within a period of two (2) months following the filing of a request for ADR pursuant to the said Rules, such dispute, controversy or claim shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said rules.

The place of arbitration shall be Budapest, Hungary.

The language to be used in the arbitral proceedings shall be English.

18. ANNEXES

The following annexes form integral part of this Contract:

- Annex 1 – Documentation Delivery for ECP Build 10
- Annex 2 – Time Schedule for the Delivery of ECP Build 10
- Annex 3 – Acceptance Procedure for ECP Build 10
- Annex 4 – Technical Description of ECP Build 10
- Annex 5 – Specific customer Dependencies for ECP Build 10

19. MISCELLANEOUS

The progress will be reported and reviewed on a quarterly basis. The format of the report and the agenda for meetings are described in the Programme Management Plan (PMP) prepared under contract 301/3187/2005.

Any alterations and amendments of this Contract shall be made in written form and signed by both Parties, in accordance with Article 132 of the PPA.

This Contract constitutes the entire understanding between the Parties as to the subject matter hereof, and the right and remedies of each Party here to are exclusively stated herein.

To issues not provided for in the present Contract the provisions of the Civil Code and the PPA shall apply.

The Seller shall, within the framework of the present Contract, give its consent to the agencies authorised by Government Decree No. 169/2010. (V.11.), to control the persons working at the Site. The Seller shall acknowledge that persons not meeting the security requirements, within the framework of the present Contract, shall not be eligible to work at the Site.

The Seller acknowledges that the Buyer shall pay the Contract Price specified in the Contract exclusively to the Party entitled to it by the Contract.

The Seller shall attach to the Contract upon its execution an authorization of the Hungarian authorities to request data on Seller from the tax office with jurisdiction, without the utilization of legal assistance between the countries, in accordance with Article 125 (7) of PPA.

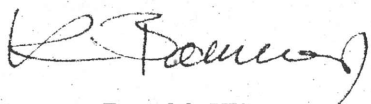
20. CONTRACT SIGNATURE

This Contract is executed in 2 (two) originals in the English Language.

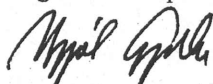
Place and date: Budapest, 29th July 2013

For and on behalf of the Buyer

For and on behalf of the Seller



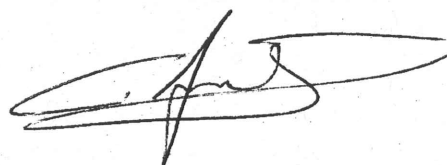
Barnabás KIS
ANS Planning and Development Director



Gyula HANGYÁL
Director of ATM Air Traffic

HungaroControl Pte. Ltd. Co.

Olivier ACHARD
Vice President International Sales



Thales Air Systems S.A.S

2013