

BETRIEBSVEREINBARUNG

between

**the Central Management of the Company Group PFW
Aerospace AG**

and

the Special Negotiating Body

European Works Council

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between

the Central Management of the Company Group PFW Aerospace AG, Am Neuen Rheinhafen 10, D-67346 Speyer, represented by the Executive Board

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– referred to in the following as CM –

and

the Special Negotiating Body, consisting of the members Justin Dale, Andreas Gaa, Steffen Gollinger, Jan Heinrich, Thomas Seiler und Jean-Luc Tentillier

– referred to in the following as the SNB –

herewith conclude the following Agreement in accordance with Article 6 of EWC Directive 94/45/EC of 22 September 1994, amended by RL 97/74/EC from 15 December 1997 and in accordance with §§ 17,18 of the European Works Council Act of 28 October 1996, most recently amended by the 4th Act on the Introduction of the Euro of 21 December 2000 (referred to in the following as the EWCA):

Recitals

Whereas the parties concluding the Agreement intend to promote cooperation between the Central Management and the employee representatives and to enter into a constructive dialogue at the European level as well through this Agreement, they herewith agree as follows to establish a European Works Council (hereinafter referred to as EWC) for the purpose of information and consultation of the employees in order to make a joint contribution to meeting economic, social and environmental challenges.

§ 1 Scope

(1) This Agreement shall apply to all employees of the group of undertakings PFW Aerospace AG. It shall apply to the undertakings, plants, branch offices and business offices (referred to the following as sites) in the EU, the EEA and Switzerland over which the group of undertakings has a controlling influence. New negotiations shall take place in two years over the inclusion of Turkey.

(2) The possibility of exerting a controlling influence shall be determined on the basis of § 6 of the EWCA.

(3) All sites with their exact address and names of countries which fall under this Agreement at the point in time at which it is concluded are listed in **Annex 1**.

§ 2 Cooperation between the CM and the EWC

(1) The EWC is the institution which represents the interests of employees at the European level. It exists in addition to national interest-representation institutions, and has its own rights and obligations. The rights and obligations of national interest-representation

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institutions and employees shall not be affected by this Agreement unless such would be improved by virtue of this Agreement.

(2) The Central Management in the meaning of this Agreement shall be deemed to be highest level of management in the European decision-making hierarchy of the group of undertakings.

(3) The CM and the EWC shall work in a spirit to achieve understanding and respect of each other's reciprocal rights and obligations. Both sides shall be obligated to implement verbal and/or written agreements. The CM shall act to ensure that such agreements are adhered to and executed at the individual sites.

§ 3 Offices, composition and term of the EWC

(1) The EWC shall be formed at the level of the CM and have its office in Speyer /Germany. It shall be composed of employees of the group of undertakings which shall be elected or appointed by the employee representatives from their ranks in accordance with national transposition acts of the EWC directives or, if there are no such representatives, by the entire body of employees in accordance with the applicable law of the respective states and/or practice. Women and men should be represented in the EWC in accordance with their ratio of the workforce to the greatest extent possible.

(2) At least one representative shall be appointed to the EWC from every country in which the company has a site. Section (1) shall apply. The additional number of representatives is in principle based on the number of employees per country in accordance with § 22 of the EWC Act. The EWC can agree with the CM a composition of the EWC that deviates from that principle. The composition of the EWC at the point in time of the conclusion of this Agreement is set out in Annex 2.

(3) One replacement member shall be elected or appointed for each EWC member. § 3 (1) shall apply. If several replacement members come from one country, the voters shall determine in which order the replacement members shall replace an EWC member who leaves the EWC from this country. The replacement members shall have the same rights and obligations as the EWC members. If regular EWC members are impeded in performing their EWC tasks, the respective replacements shall perform said tasks.

(4) The CM shall be notified of the names of the members of the EWC and its replacement members, their addresses and the respective address of the plant without undue delay. The CM shall send this information, summarised in a list, to the national managements, to all employee representatives and the trade unions represented at the sites (see **Annex 3**).

(5) If the company Group establishes a site in another country, the respective number of EWC members and their replacement members shall be elected/appointed to the EWC. The aforementioned provisions shall apply.

(6) The term of membership in the EWC shall be 4 years. Membership shall commence with the constitutive meeting of the EWC. New elections shall be initiated in all countries

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in accordance with national arrangements in due time before the passage of 4 years. The re-election of EWC members and substitute members is possible.

(7) Membership in the EWC shall end before the 4-year period expires if the EWC member resigns from his office, leaves the undertaking or is dismissed. The respective substitute member shall replace the EWC member who leaves the EWC until new elections take place or a new member is appointed.

§ 4 Administration of the EWC

(1) The CM shall invite the EWC to hold a constitutive meeting without undue delay after it receives the names of the EWC and substitute members (§ 3 (4)). This meeting shall be held in addition to the first and all other internal and joint meetings. The meeting shall last 2 days and take place without the CM.

(2) The EWC shall elect a chairperson and a deputy chairperson at the constitutive meeting. The chairperson shall represent the EWC within the framework of the resolutions which have been framed and may issue declarations and receive information. In the event that this chairperson is impeded, the deputy chairperson shall assume his task. The chairperson and his/her deputy shall be entitled to visit the sites covered by this Agreement to perform their tasks in the proper fashion.

(3) The EWC shall form a business committee (referred to as BC) from its own ranks. The BC shall consist of the chairperson as well as one additional member from the other countries which are members of the EWC. The BC shall conduct the ongoing business of the EWC and shall have the right to meet to prepare the meetings. The meetings shall take place in Speyer if nothing to the contrary has been decided upon by the CM and the EWC and shall take up to one day.

(4) To discuss topics such as e.g. occupational health and safety and training, the EWC may establish working groups with the consent of the CM.

(5) The EWC members shall be entitled to stay in contact with one another between meetings as well. Each EWC member shall be furnished with communications resources free of charge as required to contact the other members of the EWC at any time, if possible from their work site. § 9 and § 10 shall apply.

§ 5 Experts, interpreting and translating facilities

(1) The EWC, the business committee and the working groups may make use of an external expert of their choice to act as permanent advisor. This person shall be entitled to take part in all meetings of the EWC and its committees including those meetings with the CM. The EWC may make use of experts in the performance of its tasks after concluding an agreement to this effect with the employer if this is required for it to properly perform its tasks.

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(2) The EWC, the business committee and the working groups shall have a claim to the use of independent, qualified interpreting and translating facilities of their choice taking into account the procedural rules applying at PFW Aerospace AG regarding the procurement of services. The purchasing department shall be involved. After the agenda has been set, the chairperson shall review whether simultaneous interpreting including the equipment required for such is necessary in all the languages of the participants. All important documents shall be translated into the national languages of the EWC members by professional translating facilities.

§ 6 Resolutions and rules of procedure

(1) Decisions of the EWC shall generally be rendered by means of a resolution passed at the internal EWC meeting. Each member shall have one vote. Resolutions shall be passed by majority vote of the members present. Voting shall generally take place by a show of hands. A secret ballot shall be possible if an EWC member requests such. Abstentions shall be counted as neigh votes. In the event of a tie vote, the resolution shall be deemed to have been defeated.

(2) The CM shall ensure if needed that the EWC can frame a resolution in proper form between the meetings by written consent, for example by means of mail or the use of communications resources. § 6 (1), last clause shall also apply within the framework of such votes using communications resources.

(3) Any other stipulations relating to the conduct of the business of the EWC shall be set out in written rules of procedure which the EWC resolves in accordance with § 6 (1).

§ 7 Training

(1) The members of the EWC shall be entitled to attend training and educational events conveying knowledge which the members require for the proper execution of the tasks of the European Works Council. The CM shall bear the costs of such, while the members of the EWC shall be provided leave from work with continued pay of their wages and emoluments. The EWC shall take company needs into account when setting the dates for participation in training programmes. It shall notify the CM of participation in such and the time frame for the training programmes in due time. The parties agree that the conveyance of foreign-language skills and an understanding of law governing collective bargaining, law governing national employee representation, national and European labour law and business law shall always be deemed to be required. Replacement members shall also be entitled to the same if they have taken part in at least 2 joint meetings or it is foreseeable that such members will become regular members of the EWC. The CM shall be notified as to the probable need for training within the framework of the business planning of PFW Aerospace AG.

(2) This shall not affect the right of the EWC to make use of experts, interpreting and translating facilities as set out in § 5.

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§ 8 Access rights

The EWC shall have access rights to each individual site. The CM shall act to ensure that these access rights may be exercised unimpeded by issuing instructions to the management of sites in case of need. This shall also apply to experts of the EWC.

§ 9 Costs

The CM shall bear all the financial and material resource costs required by the EWC, the business committee and the working groups to properly perform their duties. This shall also include the costs of establishing the EWC, the costs of all meetings, travel and accommodation costs of the EWC, the business committee and the working groups, experts (in accordance with § 5(1)), interpreting and translating costs and the costs of attending to the ongoing business of the EWC. The EWC, the business committee and the working groups shall be furnished with adequate rooms, material resources and office personnel.

§ 10 Protection of EWC members

(1) The members of the EWC, the business committee and the working groups may not be impeded in their work, suffer any disadvantages or be afforded any advantages. This shall also apply to their career opportunities.

(2) The members of the EWC shall be entitled to receive leave from work with continued pay of their wages for all the time they are absent from work as a result of their EWC activity including in connection with work on the committee or in working groups. This shall not affect leave from work and contingents of time provided for under national law.

(3) The members of the EWC shall be afforded the same protection which is provided to the employee representatives in the country in which they are appointed.

EWC members' employment may only be terminated during their term of office and within a period of one year after the termination of their office if national laws and regulations allow such, the EWC has been consulted with and there is deemed to be an important reason for such in the meaning of § 626 of the German Civil Code.

(4) The CM shall take out sufficient accident insurance for the travel required of EWC members as well as their other EWC activities if there are no company or any other arrangements pursuant hereto.

§ 11 Liability of the national employer

In addition to the CM, the respective national employer of the EWC member shall be liable for all rights and claims which the EWC member is entitled to as a result of membership in

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the EWC. If there is disagreement within the management as to who is to bear these costs, the national employer of the EWC member shall be obligated to bear these costs.

§ 12 Information and consultation of the EWC

(1) Information shall in particular relate to all international matters involving sites covered by this Agreement which have a significant impact on the interest of the employees. The parties agree that this shall also be deemed to include plans of the CM for individual sites which may have an impact on other sites.

(2) The CM shall inform the EWC once per quarter in writing as to any plans which may have an impact on sites of the enterprise/the company group and its employees.

(3) The business committee may send questions to the CM dealing with a matter involving the company Group and/or its sites in writing at any time. The CM shall respond to these questions in a speedy manner in writing.

(4) Two EWC meetings shall take place every year. The meetings shall include one respective internal meeting of the EWC, a joint meeting between the EWC and the CM and a double joint meeting of the EWC. A joint meeting shall generally last a total of two days. If nothing to the contrary is agreed upon, the meetings shall take place in Speyer. The chairperson may prolong the duration of the meetings by a maximum of one day and/or call an additional meeting if this is required for the proper performance of tasks. The CM shall be informed in due time and in a comprehensive manner as to the reasons for the prolongation or additional meeting date.

(5) The EWC or the business committee shall set out the agenda for the joint meeting. The agenda shall include the subjects listed by the CM. The chairperson or if the chairperson is impeded the deputy chairperson of the EWC shall chair the joint meeting.

(6) The CM shall notify the EWC in writing, in a comprehensive manner and in good time but at least 3 weeks prior to the joint meeting as to the topics to be addressed. All required documents shall be attached. The EWC shall be put in a position by virtue of this comprehensive information in due time to be able to discuss at first internally the matter properly and without having to gather any additional information on its own.

(7) The EWC shall be provided sufficient time for internal consultation and be allowed to issue a verbal or written statement of its position. The EWC shall also be entitled to exchange information with national employee representatives or employees in advance for this purpose and if need be make use of an expert in accordance with § 5(1).

(8) Before the controlling undertaking renders a decision or authorises the management of one of its companies to render a decision, it shall discuss the statement of position by the EWC at a meeting and explain to what extent this position can be taken into account in the ongoing planning. The EWC shall issue its statement of position as soon as possible.

§ 13 Information and consultation topics

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Information and consultation of the EWC by the CM shall in particular include the following topics:

- a) the actual and planned structure of the undertaking, the economic and financial situation
- b) trends in the business figures, production and sales
- c) the jobs and employment situation and its probable development including equal treatment of women and men
- d) Issues relating to safeguarding of jobs and sites
- e) Investments and investment programmes
- f) Fundamental changes in organisation which are planned
- g) The planned introduction of new working and manufacturing methods and new technologies
- h) The current situation and trends in the area of occupational health and safety and environmental protection
- i) An overview of existing and planned working time and remuneration arrangements at the respective sites
- j) The planned relocation of undertaking, plants or parts of plants, relocation of divisions or departments
- k) Planned mergers or split-ups of undertakings or plants
- l) Planned downsizing or closure of companies, plants or parts of plants and any other restructuring
- m) Mass redundancies in the countries falling under the scope of this Agreement, respectively of a magnitude as set out in § 17, section 1 of the Act Protecting Against Termination of Employment (KSchG)
- n) Current situation and trends in company training of employees

The parties to the Agreement agree that this list is not exhaustive, and only constitutes, rather, a list of examples. Additional topics may serve as the subject of consultation which fall under the scope of this Agreement.

§ 14 Extraordinary circumstances

If extraordinary circumstances come about which may have a considerable impact on the interests of the employees, the EWC shall be notified hereof and consulted by the CM without undue delay.

Extraordinary events shall in particular be deemed to mean a development which is not expected or planned and which may have an impact as e.g. the relocation and/or closure of companies, plants or important parts of plants, take-overs and collective redundancies.

The EWC shall be notified in writing about extraordinary circumstances and be furnished all documents in a comprehensive manner so as to allow the EWC to issue a statement of its position within a reasonable period of time without have to act on its own part to obtain more information. The EWC may demand that the CM meet with it in order for the EWC to issue its statement of position and discuss such position with the CM. The EWC may also invite experts to such meeting. The national employee representatives affected shall

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be entitled to take part in the meeting. The EWC shall be entitled to hold a prior briefing with the experts and national employee representatives.

§ 15 Implementation of managerial decisions

The CM shall refrain from implementing decisions and take care that decisions are not implemented in matters in which the employee representatives or the employees are to be involved in accordance with the aforementioned provisions until these parties have been informed and consulted with completely. The CM shall in any case include the statement of position and proposals of the EWC to the extent possible in the managerial decision, but at least explain to the EWC in detail why such may not be possible.

§ 16 Information and consultation at the national level

National employee representatives shall always be informed at least at the same time as the EWC and provided with all documents required. This is aimed at facilitating communication between the EWC and the national employee representatives. This shall not affect rights of national interest representatives going beyond this. The employees shall be notified at an assembly at those sites at which there are no employee representatives. At least one representative of the EWC shall be invited to such assembly.

§ 17 Information through the EWC/non-disclosure obligation of the EWC

(1) The EWC members of a country shall report to the respective national employee representatives at their site on the information which has been submitted to the EWC within the framework of its activities. The notification of national employee representatives shall preferably take place in institutions such as group or central works councils. If no comparable institution exists, each company employee representative institution from a country may appoint one representative to attend a one-day meeting with the respective EWC member.

(2) The EWC shall consult with national employee representatives regarding necessary measures or provide aid if such is necessary. The EWC shall also maintain close contact to national employee representatives outside the EWC meetings as well. Representatives of the EWC shall be entitled to speak at works meetings.

(3) The members and substitute members of the EWC shall refrain from disclosing to third parties business secrets which they become aware of as a result of their membership in the European Works Council and which have been expressly labelled as confidential. . This shall also apply after members leave the European Works Council.

(4) The non-disclosure obligation shall not apply within the EWC or towards company employee representatives, employee representatives on the supervisory board, trade union representatives, in court proceedings, arbitration procedures and towards the EWC's experts.

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§ 18 Adjustment of the Agreement

The Agreement may be adjusted and amended to conform to changed structures, conditions, etc., by the parties at any time by mutual agreement.

The Agreement must be amended in the following cases, however:

(1) Review of the number of employees

The CM shall review every 2 years beginning with the constitutive meeting of the EWC whether the number of employees in the individual member states has changed on a scale which makes it necessary to adjust the EWC. The CM shall notify the EWC of the result of said review. If it is necessary to adjust the distribution of seats in the EWC, the EWC shall have new appointments carried out in the respective member states. Otherwise this shall not affect the remainder of this Agreement and the existence of the EWC itself.

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(2) Merger

In the event that the undertaking/group of undertakings merges with another undertaking/group of undertakings, the following shall apply:

- If an EWC agreement exists in both undertakings/groups of undertakings, the EWC Agreement of that undertaking/group of undertakings which had the largest number of employees before the merger shall apply to the entire merged undertakings/group of undertakings.
- If there is an EWC agreement in only one of the companies/groups of undertakings, this shall continue to apply to the entire merged undertaking/the entire merged group of undertakings.

In both cases the following shall apply:

Negotiations shall take place over a new EWC agreement for the entire merged undertaking/the entire merged group of undertakings.

The EWC which continues to exist in accordance with the aforementioned provisions shall exercise a transitional term of office until the new EWC agreement is concluded. Employee representatives or employees from the other undertaking/group of undertakings shall be added to this EWC and have all existing rights and obligations until the conclusion of the new EWC agreement. § 3 of this Agreement shall apply accordingly.

The EWC expanded in accordance with the foregoing section shall be responsible for negotiating the new agreement. It may elect a negotiating committee from its own ranks. In this case it must stipulate the rights and obligations of the negotiating body by means of a resolution.

The negotiations over the new EWC Agreement shall be commenced no later than 6 months after the date of the legally effective change in the companies' legal form and conducted without any delays. If the parties are unable to agree on a new EWC agreement within a period of an additional 12 months, an EWC shall be formed in accordance with statutory provisions. In such case the old EWC agreement shall continue to apply until the constitutive meeting of the statutory EWC.

(3) Company split

If an undertaking/group of undertakings is split, the current EWC shall remain in office. It shall only continue to attend to the business of the split-off part which no longer belongs to the company on the basis of its EWC agreement for a period of one year, however.

(4) Other structural changes

If other countries or sites are added which are not covered by the provisions of § 19 (2), § 3 (5) shall apply.

§ 19 Differences in opinion

(1) In the event of differences of opinion over the interpretation of this Agreement the German version and German law shall apply.

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(2) Each party shall have legal recourse to settle differences of opinion. The labour court having jurisdiction over the registered offices of the CM shall be the legal venue.

(3) The parties may agree, however, to have differences of opinion settled by a board of arbitration. This board shall be formed at the registered offices of the CM. Each side shall appoint 3 representatives to the Commission. Both sides shall agree on a neutral chairperson. If no agreement is reached on the chairperson, the labour court having jurisdiction as set out in § 2a, no. 3b of the Labour Court Act over the registered offices of the CM shall be the legal venue. The proceeding at the board of arbitration shall take place according to § 76 (3) Industrial Relations Act. The decision of the board of arbitration shall replace the agreement between the CM and the EWC. § 76 (5), subsections 3 and 4 of the Industrial Relations Act (BetrVG) shall apply.

(4) Each side shall have the opportunity to declare that the arbitration has failed and take recourse to the labour court having jurisdiction over the matter to have the dispute settled.

(5) The EWC may be represented by an attorney both before the board of arbitration and before the court.

(6) The CM shall bear all of the costs accruing from the board of arbitration as well as the costs of a court procedure. § 76a of the Industrial Relations Act (BetrVG) shall apply.

§ 20 Term of the Agreement

(1) The Agreement shall enter into force when it is signed and may be terminated by either side subject to a six-month period of notice until the end of the calendar year but not before December 31, 2011.

(2) In the event of termination, negotiations shall be commenced by the CM and the EWC in order to negotiate an Agreement within the period of one year. The parties may extend the negotiating period by mutual agreement. The parties shall not delay or impede the negotiations. If the parties are unable to agree upon a new agreement before the expiry of one year or the extension of the period, an EWC shall be instituted by force of statute. The annual period shall commence with the expiry of the period of notice in accordance with (1).

(3) This Agreement shall continue to apply during the contractual negotiations, but no longer than until the establishment of a statutory EWC.

(4) This Agreement may be changed at any time by mutual agreement without having to terminate the Agreement.

Speyer, date 06.09.2007

CM represented by

SNB represented by

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Annex 1

to the agreement on the establishment of a European Works Council for PFW Aerospace AG, Speyer, as of 06.09.2007.

Sites of PFW Aerospace AG in the scope of the above mentioned agreement:

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Annex 2

to the agreement on the establishment of a European Works Council for PFW Aerospace AG, Speyer, as of 06.09.2007.

The composition of the European Works Council shall generally be based on the number of employees per country in accordance with § 22 of the European Works Council Act. This would produce the following composition at the point in time of conclusion of this Agreement::

Germany	7 seats
France	1 seat
Great Britain	1 seat

By mutual agreement with the CM the SNC has decided on the following changes in this composition: The German delegation shall give up two seats to the French and British delegations in the EWC, which means that the EWC shall be have the following composition.

Germany	5 seats
France	2 seats
Great Britain	2 seats

This change shall apply for an unlimited period of time. It may be replaced by a new change in composition in accordance with § 3 (2). The EWC may also resolve to adopt a composition in accordance with the EWC Act.

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Annex 3

to the agreement on the establishment of a European Works Council for PFW Aerospace AG, Speyer, as of 06.09.2007.

Addresses of
www.euro-br.eu

National managements:

National employee representatives:

Trade unions represented at the sites:

for sending out the list of the names of the members of the EWC and its replacement members and their addresses.