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Description	#51005381v7<UKMATTERS> - Etihad_GoS_JAT Shareholder Agreement
Document 2 ID	interwovenSite://GBDMS/UKMATTERS/51005381/8
Description	#51005381v8<UKMATTERS> - Etihad_GoS_JAT Shareholder Agreement
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Format changed	0
Total changes	119

DATED

2013

(1) ETIHAD AIRWAYS PJSC

- and -

(2) THE GOVERNMENT OF THE REPUBLIC OF SERBIA

- and -

(3) JAT AIRWAYS A.D.

SHAREHOLDER AGREEMENT

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THIS SHAREHOLDER AGREEMENT is made on

2013

BETWEEN:

- (1) **ETIHAD AIRWAYS PJSC**, a company organised under the laws of the Emirate of Abu Dhabi and with its head office at PO Box 35566, Khalifa City A, Abu Dhabi, United Arab Emirates ("**Etihad**");
- (2) **THE GOVERNMENT OF THE REPUBLIC OF SERBIA [●]** ("**GoS**"); and **[please provide]**
- (3) **JAT AIRWAYS A.D.**, a company incorporated in Serbia acting through its head office at Bulevar Umetnosti 16A, Belgrade, Serbia (the "**Company**" and/or "**JAT**").

BACKGROUND:

- A The Company is incorporated as a joint stock company under the laws of Serbia and is wholly owned by the GoS. Etihad is the national airline of the capital of the U.A.E., Abu Dhabi.
- B The Parties have on this day entered into an Investment Agreement pursuant to which the GoS and Etihad each have funding obligations in relation to the Company, including in respect of subscription by Etihad of up to 49% of the enlarged share capital of the Company.
- C Pursuant to this Shareholder Agreement, Etihad and the GoS have agreed certain matters relating to the GoS's and Etihad's shareholdings in the Company.

IT IS AGREED:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Shareholder Agreement the following terms have the following meanings:

"**Acceptance Notice**" has the meaning set out in clause 5.4;

"**Act**" means Companies Law (Official Gazette of the Republic of Serbia, nos. 36/2011 and 99/2011), as amended, modified or supplemented from time to time or any act which replaces the Act;

"**Adjourned Meeting**" has the meaning set out in clause 3.3.4;

"**Affiliates**" of a Person (the "**Subject Person**") means (i) in the case of any Subject Person other than a natural person, any other Person that, either directly or indirectly through one or more intermediate Persons, controls, is controlled by or is under common control with the Subject Person, and (ii) in case the Subject Person is a natural person, any other Person that, either directly or indirectly, is controlled by the Subject Person, or the Relatives of such Subject Person, or the trustees of any trust of which the Subject Person or his/her Relative is a beneficiary or in the case of a discretionary trust, is a discretionary object, or any Person who is accustomed to act according to the instructions of the Subject Person. For the purposes of this definition, "**control**" shall mean the power to direct the management or policies of a Person, whether through the ownership of over fifty per cent (50%) of the voting power of

such Person, through the power to appoint over half of the members of the board of directors or similar governing body of such Person, through contractual arrangements or otherwise;

"Airline Business" means the business of transportation of passengers, baggage, cargo and mail;

"**Arm's Length**" (including, with correlative meaning, the term "**Arm's Length Basis**") means on terms consistent with market practice and those actually made in comparable transactions between independent enterprises and/or third parties under comparable circumstances, and where such comparable transactions are not available, the term "**Arm's Length Basis**" means that the terms including price would be on an arm's length basis, as determined in accordance with the provisions of Law and all other terms and conditions should be entered into such that the contracting parties are unrelated and independent parties;

"**Articles**" means the articles of association of the Company (~~as in effect on the date of this Shareholder Agreement and as they may be~~ amended or supplemented from time to time);

"**Audit Committee**" means the audit committee of the Board;

"**Authority**" means any supra-national, national or sub-national authority, commission, department, agency, regulator, regulatory body, court, tribunal or arbitrator in any jurisdiction;

"**Board**" means the Board of the Company;

"**Board Committee**" means each committee of the Board constituted from time to time, including, the Audit Committee, the Nomination Committee, the Remuneration and Compensation and any equivalent or analogous committee of the Company;

"**Board Member**" means a member of the Board;

"**Business**" means (i) the existing business carried on by the Company and (ii) such other business as may from time to time be carried on by the Company in accordance with applicable Law, subject in each case to obtaining the necessary approvals and licences and to the provisions of the Articles;

"**Business Day**" means a day when the banks are open for commercial banking business in Serbia and Abu Dhabi, with the exception of internet banking only;

"**Business Plan**" means the business plan of the Company which shall be adopted and updated from time to time in accordance with this Shareholder Agreement;

"**Call Exercise Notice**" has the meaning set out in clause 9.1;

"**Call Option**" has the meaning set out in clause 9.1;

"**CEO**" means the chief executive officer of the Company leading the Management Team being the manager of the Company appointed for the purpose of ~~article 389~~ of the Act ~~and who shall not be a member of the Board; please provide/confirm~~;

"**CFO**" means the chief financial officer of the Company who is not a Board Member and shall report to the CEO;

"COO" means the chief operating officer of the Company who is not a Board Member and shall report to the CEO;

"Chairman" means the chairman of the Board;

"Closing" shall have the meaning given to such term in the Investment Agreement;

"Closing Date" shall mean the date on which Closing takes place;

"Code" has the meaning set out in clause 3.1;

"Confidential Information" has the meaning set out in clause 17.1.1;

"Corporate Bodies" has the meaning set out in clause 3.5.1;

"Deed of Adherence" means a deed of adherence substantially in the form of schedule 2 to this Shareholder Agreement to be executed as provided for in this Shareholder Agreement;

"Defaulting Party" has the meaning set out in clause 10.1;

"Director" means a director of the Company;

"Encumbrance" means:

- (a) any mortgage, charge, pledge, lien, hypothecation, deed of trust, title retention, security interest, deposit by way of security, bill of sale, option, assignment (contingent or otherwise), right to acquire, right of first refusal, drag along right, tag along right, right of pre-emption or agreement for or obligation as to any of the same, or any other form or right, interest, security, encumbrance or any nature in favour of a third party; or
- (b) any arrangement for exercising voting rights issued in favour of a third party, any proxy or power of attorney issued to any third party for transferring and/or exercising any rights, voting trust agreement, interest, option, right of first refusal, right of first offer, drag along right or other transfer restriction; or
- (c) any adverse possession, or any adverse claim as to title, possession or use etc.;

"Etihad Board Member" has the meaning set out in clause 3.2.1.2;

"Etihad Securities" means any or all of the Shares held by Etihad or any Affiliate of Etihad;

"Etihad Securities Transferee" has the meaning set out in clause 7.1;

"Event of Default" has the meaning set out in clause 10.1;

"Financial Indebtedness" means borrowings or indebtedness in the nature of borrowing of any Group Company (including (a) loans and bank overdrafts; (b) liabilities under finance or equivalent leases and hire purchase agreements; and (c) amounts raised by other transactions having the commercial effect of such borrowing), less the sum of Group cash balances and cash equivalent balances;

"Financial Year" means the calendar year;

"General Assembly" has the meaning set out in the Investment Agreement;

"General Meeting" means any ordinary or extraordinary shareholders' meeting of the Company held in accordance with the Act and this Shareholder Agreement;

"GoS Board Member" has the meaning set out in clause 3.2.1.1;

"Gross Negligence" means negligence arising in circumstances where the underlying applicable duty of care has not been met by a significant margin, it being the case that the subject conduct (i) fell far below what could reasonably be expected in the circumstances and (ii) was undertaken with an actual appreciation of the risks involved (or an indifference to an obvious risk);

"Group" means the Company and each of its Subsidiaries from time to time;

"Group Company" means any of the Company and each of its Subsidiaries;

"Investment Agreement" means the investment agreement made on this day between the Company, Etihad and the GoS under which Etihad has agreed, subject to the terms thereof, to subscribe for new shares in the Company which comprise 49 per cent of its issued share capital (as of Closing);

"Judgments" means any judgment, order, decree, award, demand, ruling, injunction or decision from any competent authority;

"Key Employees" means [•]; ~~[please GoS to provide/confirm]~~

"Management Team" means the senior management team of the Company from time to time comprising of the following designations CEO; CFO; ~~COO; Chief Commercial Officer; Chief Planning and Strategy Officer, and Chief People and Performance Officer~~ and COO;

"Manual of Authority" has the meaning set out in clause 3.1;

"National Aviation Authorities" means the Civil Aviation Directorate of the Republic of Serbia;

"Nomination Committee" means the committee of the board established pursuant to the Code and known as the nomination committee;

"Non-Defaulting Party" has the meaning set out in clause 10.1;

"Offering Party" has the meaning set out in clause 5.3;

"Party" means a party to this Shareholder Agreement, and **"Parties"** means all of them together;

"Purchased Price" means the actual or deemed price per Share at which Etihad subscribed for Shares;

"Put Exercise Notice" has the meaning set out in clause 8.1;

"Put Option" has the meaning set out in clause 8.1;

"Representative" has the meaning set out in clause 17.1.3;

"Resolutions" means ~~the all~~ resolutions ~~in the Agreed Form~~ that will be necessary for approval by the General Assembly or the Board;

~~*[N.B expected to include the following:*~~

~~*Resolution by the company to engage in a foreign financial credit (Convertible Loan Facility) in accordance with the central bank's Decision on Reporting Foreign Credit Transactions (Article 6a.) which stipulates such a requirement for entities "whose operations are influenced by the state" for the purpose of mandatory registration of the Convertible Loan Facility with the central bank;*~~

~~*Amendment of the resolution above, for the purpose of registering any change/termination regarding a foreign financial credit (Convertible Loan Facility);*~~

~~*The resolution on issuing Conversion shares (as defined by the agreement);*~~

~~*The resolution on issuing Subscription shares;*~~

~~*The resolution on capital reduction for the purposes of meeting the requirements of clause 3.2. (TBC confirmed whether this resolution could be integrated with the resolutions on share issuing which would significantly shorten the timeframe);*~~

~~*Resolution on issuing security for Etihad loans; and*~~

~~*Resolution on appointment of Board Members.]*~~

~~**"Redeployment and Human Resource Development Plan"** means [●]; *[please provide/confirm]*~~

"RFR Notice" has the meaning set out in clause 5.3;

"RFR Recipient" has the meaning set out in clause 5.3.2;

"Share" means an equity share in the capital of the Company carrying one Vote;

"Shareholder Agreement" means this agreement and all schedules attached hereto (as amended from time to time in accordance herewith);

"Subsidiary" shall have the meaning ascribed to it under the Act;

"Tag Along Notice" has the meaning set out in clause 6.2;

"Tag Along Rights" has the meaning set out in clause 6.1;

"Tag Along Shares" has the meaning set out in clause 6.2;

"TFA" means the Transaction Framework Agreement entered into between the Company, the GoS and Etihad dated 1 August 2013;

"Transfer" (including with correlative meaning, the terms "Transferred by" and "Transferability") means to transfer, sell, assign, pledge, hypothecate, create a security interest in or beneficial ownership over, or lien on, place in trust (voting or otherwise), exchange, gift or transfer by operation of Law or in any other way subject to any Encumbrance or dispose of, whether or not voluntarily;

"Transfer Shares" has the meaning set out in clause 5.3;

"Transferee" has the meaning set out in clause 5.3;

"US Dollar" or **"US\$"** means the lawful currency of the United States of America, as at the date of this Agreement;

"Vice Chairman" means the vice chairman of the Board nominated by Etihad; and

"Votes" means all votes which are exercisable (by any Person) in connection with the Shares at a General Meeting.

1.2 Interpretation

1.2.1 **"including", "includes" or "in particular"** means including, includes or in particular without limitation;

1.2.2 any gender includes all genders, the singular includes the plural (and vice versa), and **"Persons"** includes individuals, bodies corporate, unincorporated associations, trusts, unions, partnerships and Authorities (whether or not any of them have a separate legal personality);

1.2.3 any professional firm or company includes any firm or company effectively succeeding to the whole, or substantially the whole, of its practice or business;

1.2.4 any reference to a **"subsidiary"** shall have the meaning given to the term in the Act;

1.2.5 statutory provisions shall (where the context so admits and unless otherwise expressly provided) be construed as references to those provisions as amended, consolidated, extended or re-enacted from time to time (whether before or after the Execution Date);

1.2.6 any time of day or date is to that time or date in Serbia;

1.2.7 **"Law"** or **"Laws"** includes all applicable;

1.2.7.1 laws (whether civil, criminal or administrative), common laws or civil codes, statutes, subordinate legislation, treaties, regulations, (including any rule, regulation, standard or requirement of the National Aviation Authorities and other authorities), directives and bye laws in any jurisdiction, in each case for the time being in force; and

1.2.7.2 binding Judgments;

- 1.2.8 a specific Law or provision of a Law includes:
 - 1.2.8.1 that Law or provision as amended or re enacted;
 - 1.2.8.2 any Law which that Law or provision amends or re enacts (with or without modification); and
 - 1.2.8.3 any Law made under it,in each case for the time being in force; and
- 1.3 In this Shareholder Agreement (unless the context requires otherwise), any reference:
 - 1.3.1 to a clause or schedule is to a clause of or schedule to this Shareholder Agreement;
 - 1.3.2 to a part or paragraph is to a part or paragraph of a schedule to this Shareholder Agreement;
 - 1.3.3 within a schedule to a part is to a part of that schedule; and
 - 1.3.4 within a part of a schedule to a paragraph is to a paragraph of that part of that schedule.
- 1.4 The contents list, headings and any descriptive notes are for ease of reference only and shall not affect the construction or interpretation of this Shareholder Agreement.
- 1.5 This Shareholder Agreement incorporates the schedules to it.
- 1.6 Where any number of days is prescribed in the Shareholder Agreement, the same shall be reckoned exclusively of the first and inclusively of the last day.
- 1.7 The words "directly or indirectly" mean directly or indirectly through one or more intermediary Persons or through contractual or other legal arrangements, and "direct or indirect" shall have the correlative meanings.
- 1.8 Time is the essence in the performance of the respective obligations of the Parties. Without prejudice, if any time period specified herein is extended, such extended time shall also be of the essence.
- 1.9 any representation, covenant, undertaking, warranty, indemnity or other obligation given or assumed by the GoS or the Company is given or assumed severally; and
- 1.10 any representation, covenant, undertaking, warranty, indemnity or other obligation given or assumed by the GoS and the Company is given or assumed jointly and severally.
- 1.11 Any word or phrase defined in the body of this Shareholder Agreement as opposed to being defined in clause 1 above shall have the meaning assigned to it in such definition throughout

this Shareholder Agreement, unless the contrary is expressly stated or the contrary clearly appears from the context.

- 1.12 Capitalised terms used herein and not defined shall bear their respective meaning from the Investment Agreement.

2. OBJECTIVES

The Parties who are shareholders of the Company shall exercise their Votes and take such further actions as shareholders as may be necessary or appropriate in order to give effect to the provisions of this Shareholder Agreement provided that nothing in this Shareholder Agreement shall require any Party to breach any Law which is binding on it.

3. CORPORATE GOVERNANCE

3.1 General

The Parties acknowledge and agree that a robust corporate governance regime is vital to achieving the objective of making the Company a successful international airline in Europe. The Parties have agreed that the Group shall, on or before Closing, abide by a Corporate Governance Code of Conduct ("**Code**") and a Manual of Authority ("**Manual of Authority**") as such Code and Manual of Authority may be devised, revised from time to time and approved by the Board and Etihad in accordance with this Shareholder Agreement. The Code and the Manual of Authority together set out the framework by which the Company will be governed and the extent of authority that will be delegated by the Board to the Management Team. The Code and the Manual of Authority together set forth the guiding principles on which the Company shall operate and conduct its day-to-day business with its stakeholders, government and regulatory agencies, media, and anyone else with whom it is connected. The Company shall, except where to do so is inconsistent with this Shareholder Agreement, continue to follow the Code and the Manual of Authority. The Manual of Authority will contain policies dealing with, amongst other matters authority levels for employees and senior executives (including the Management Team) and a business ethics policy. The Parties shall negotiate in good faith the terms of the Manual of Authority, with a view to adopting an agreed Manual of Authority within 6 months of the date of this Shareholder Agreement.

3.2 Board representation

- 3.2.1 The number of Board Members comprising the Board shall, from the Closing Date, be up to nine Board Members, of which:

3.2.1.1 five Board Members shall be nominated by the GoS (each hereinafter referred to as a "**GoS Board Member**"); and

3.2.1.2 four Board Members shall be nominated by Etihad (each hereinafter referred to as an "**Etihad Board Member**").

- 3.2.2 The GoS shall be entitled to appoint any GoS Board Member as the Chairman and may, at any time remove that person from office and appoint another GoS Board Member in his place to act as Chairman.

- 3.2.3 The Chairman shall not have a casting vote at any meeting of the Board or the Shareholders.
- 3.2.4 Etihad shall, for so long as it holds Shares, have a right to:
- 3.2.4.1 appoint one of the Etihad Board Members to be a member of each Board Committee; and
- 3.2.4.2 nominate one of the Etihad Board Members as Vice Chairman of the Board. The Vice Chairman will chair Board meetings in the Chairman's absence. In such cases, the Vice Chairman shall not have a casting vote.
- 3.2.5 Etihad shall be solely entitled to remove its respective nominee Board Members including any Alternate for each Etihad Board Member, by notice to the Company. Any vacancy occurring with respect to the position of any Etihad Board Member, by reason of death, disqualification, resignation, removal or the inability to act, shall be filled only by another nominee specified by Etihad.
- 3.2.6 The GoS shall be solely entitled to remove its respective nominee Board Members including any Alternate for each GoS Board Member, by notice to the Company. Any vacancy occurring with respect to the position of any GoS Board Member, by reason of death, disqualification, resignation, removal or the inability to act, shall be filled only by another nominee specified by the GoS.
- 3.2.7 The GoS shall exercise their Votes in favour of the appointment of Etihad Board Members to the Board and of one of them as Vice Chairman. Etihad shall exercise its Votes in favour of the appointment of GoS Board Members to the Board.
- 3.2.8 The GoS and the Company expressly agree and undertake that none of the Board Members shall be liable for any failure of the Company to comply with the provisions of any applicable Laws, unless such failure is caused by the wilful misconduct or Gross Negligence of the relevant Board Member.
- 3.2.9 Etihad shall reimburse reasonable out of pocket expenses (including travel and hotel expenses) of Etihad Board Members for costs incurred in attending meetings of the Board or of the Board Committees and other meetings or events attended on behalf of the Company. The GoS shall meet all such costs of GoS Board Members.

3.3 Meetings of the Board

- 3.3.1 The Board shall hold regular meetings at the registered office of the Company or such other location as is agreed by a majority of the Board, at least once in every 3 (three) months, and at least 4 (four) such meetings shall be held in every calendar year. The date of the next Board meeting shall be confirmed at the previous Board meeting. A meeting of the Board may be called by any Board Member, and the Company Secretary of the Company shall, upon requisition by a Board Member convene the same in accordance with this clause 3.3.1.

- 3.3.2 Subject to clause 3.3.5, the notice for any Board meeting and meeting of any Board Committees shall be sent to the Board Members at least 7 (seven) Business Days prior to the meeting together with the agenda, and the relevant documents and supporting information for the same, unless all Board Members, agree in writing to meet at a shorter notice. All notices for all meetings of the Board and Board Committees shall be in writing (which shall include any electronic communication, providing it is received in a legible format), and shall be sent to each of the Directors and the members of the relevant Committee in the manner specified in this clause 3.3. Any item not included in the agenda of a meeting shall not be considered or voted upon at that meeting of the Board or the Board Committee, as the case may be, unless consented to in writing all Board Members.
- 3.3.3 The quorum for a meeting of the Board of the Company shall be five Board Members of whom two shall be an Etihad Board Member and three shall be a GoS Board Member, unless Etihad or the GoS (as appropriate) waive the requirement for their presence in writing. The quorum for a meeting of the Board Committee (unless otherwise provided in the Code) shall be as required under the relevant applicable Law, subject to at least two Etihad Board Members and three GoS Board Members being present at such meeting, unless Etihad or the GoS waive their presence in writing.
- 3.3.4 In the event that the quorum as set forth above is not achieved at any Board or at any Board Committee meeting, such meeting shall stand adjourned to the same day, location and time on the 5th (fifth) day following the date on which the meeting was originally scheduled to be held (an "**Adjourned Meeting**"). The Company shall issue a notice to convene an Adjourned Meeting to each Board Member at least 2 (two) Business Days prior to such Adjourned Meeting. In the event that the quorum as set forth above is not achieved at such an Adjourned Meeting (unless otherwise provided in the Code), the Board Members present shall constitute a valid quorum at such Adjourned Meeting.
- 3.3.5 Subject to the provisions of clause 3.3.8, a decision shall be said to have been made and/or a Resolution passed at a meeting of the Board, only if passed at a validly constituted meeting, and such decisions/Resolutions are approved of by the majority of the Board Members which, ~~unless otherwise mandated by applicable Law,~~ shall mean approval by a majority of the Board Members present and voting at such meeting of the Board. ~~please resolve~~
- 3.3.6 Board Members or members of any Committee may participate in meetings of the Board or Board Committees through video-conference or similar electronic means and the Chairman shall ensure that such Board Member's observations are duly recorded in the minutes of such meeting.
- 3.3.7 Subject to the provisions of clause 3.3.8, a written resolution circulated to all the Board Members who are members of the Board or a Board Committee, whether in Serbia or overseas, and signed by all of them shall ~~(subject to compliance with the relevant requirements of the Act)~~ be as valid and effective as a Resolution duly passed at a meeting of the Board or of any Board Committee, as the case may be, called and held in accordance with this Shareholder Agreement and the Articles (provided that such written resolution has been circulated in draft form,

together with the relevant papers, if any to all the Board Members to make a fully informed good faith decision with respect to such Resolution). ~~please resolve~~

3.3.8 The Board shall not make decisions or undertake any actions in relation to the following matters, unless two-thirds of the members of the Board (present and voting) vote in favour of the decision to:

3.3.8.1

- (a) authorise or make any change in the issued, subscribed or paid-up share capital of the Company or any of its Subsidiaries;
- (b) issue any Shares or other securities having structural or legal or preference over or ranking senior to (or *pari passu* with) the Shares with respect to any matter, including without limitation, dividend rights, voting rights or liquidation preference, either as a public offering or private sale or issue of any Shares or other securities of the Company or any of its Subsidiaries;
- (c) reorganise the share capital of the Company or any of its Subsidiaries, by way of fresh issuance of Shares or any securities or by redemption, retirement or repurchase/buyback of any shares or securities;
- (d) issue convertible debentures or warrants or grant any options over its shares or any stock splits or consolidation of its share capital;
- (e) purchase or redeem any Shares or any rights in respect thereof; or
- (f) make any changes (directly or indirectly) in class rights for Shares or share equivalents;

3.3.8.2 approve and register any transfer of Shares;

3.3.8.3 alter the Articles;

3.3.8.4 establish a dividend policy, or amend it, in respect of the Shares;

3.3.8.5 amend or repeal or authorise any amendment or other action in respect of the Code and/or the Manual of Authority;

3.3.8.6 authorise or undertaken any Financial Indebtedness of the Group greater than US\$500,000 (five hundred thousand US Dollars);

- 3.3.8.7 incur any single item of capital expenditure by the Group (including acquiring a business or asset) greater than US\$200,000 (two hundred thousand US Dollars);
- 3.3.8.8 authorise or undertake any arrangement for the disposal by the Group of any assets not in the ordinary course of business;
- 3.3.8.9 enter into any guarantee by any member of the Group;
- 3.3.8.10 enter into an agreement or arrangement between any member of the Group and any related party to any Shareholder;
- 3.3.8.11 incorporate any subsidiary or close down, wind up or liquidate any subsidiary of the Company;
- 3.3.8.12 effect a sale of any of the business and assets of the Group in relation to the Company's frequent flyer programme ("**FFP**") operated by the Group or effect any investment by any third party in such FFP;
- 3.3.8.13 acquire the whole or any part of any other business or undertaking (other than the purchase of supplies and stock in the ordinary course of business) or acquire any shares or any option over shares in the capital of any company; and
- 3.3.8.14 make any material change in the fundamental nature of its business.

3.4 Shareholders Meetings

- 3.4.1 The Company shall hold at least 1 (one) General Meeting in any given calendar year. The annual General Meeting shall be held in each calendar year within 6 (six) months following the end of the previous Financial Year of the Company. All other General Meetings, other than the annual General Meeting shall be extraordinary General Meetings. All General Meetings shall be governed by the Act and the Articles.
- 3.4.2 The prior written notice of 21 (twenty-one) clear days for a General Meeting and 30 (thirty) days for an annual General Meeting shall be given to all shareholders of the Company; provided however, that any General Meeting may be held upon shorter notice in accordance with the provisions of the Act. All notices shall be accompanied by an agenda setting out the particular business proposed to be transacted at such meeting. Every notice shall specify the place, date and hour of the meeting and shall contain an agenda and accompanying materials with a statement of the business to be transacted thereat. No business shall be transacted at any General Meeting duly convened and held other than that specified in the notice.
- 3.4.3 The Board shall provide the Company's previous Financial Year's audited Financial Statements to all shareholders of the Company with the notice of session of the General Meeting that is held to approve and adopt such audited Financial Statements.

3.4.4 The following matters shall require the approval of three-fourths of the Votes cast in a General Meeting:

3.4.4.1 matters referred to in clause 3.3.8 placed before the shareholders of the Company for their approval; and

3.4.4.2 such other matters as the Board may resolve from time to time that require the approval of three-fourths of the Votes cast at a General Meeting.

3.5 Subsidiaries

3.5.1 Subject to the provisions of this Shareholder Agreement, Etihad shall be entitled to (but shall not be obligated to) nominate individuals on the board of directors of any Subsidiaries in the same manner and extent as applicable to the Company and shall also have the right to have its respective nominee members to be a member of all ~~the~~ committees of the corporate bodies ~~in accordance with the meaning of this term under the Act~~ ((organi društva) in accordance with the meaning of this term under the Act) (the "Corporate Bodies") of all Subsidiaries in the same manner and extent as applicable to the Company in which case the provisions of clause 3 shall apply *mutandis mutandi*. The right to nominate a member of ~~the corporate body~~ Corporate Body shall include the right to nominate/terminate/replace/re-appoint an Alternate in place of the member of ~~the corporate body~~ Corporate Body to attend and vote at meetings of the board of Subsidiaries in the absence of the original member of ~~the corporate body~~ Corporate Body, as per the provisions of applicable Law. ~~please resolve~~

3.5.2 The Subsidiaries, the Company and the GoS shall do all such acts as may be required by Etihad to give effect to the provisions of this clause 3.5 and clause 3.6, including without limitation, passing necessary Resolutions of ~~the corporate bodies~~ Corporate Bodies and shareholders of each of the Subsidiaries to amend their respective constitutional documents to incorporate the provisions of these clauses. ~~please resolve~~

3.6 Implementation of Board / Shareholder decisions

Upon receipt of the approval by the Board or the shareholders of the Company pursuant to this Shareholder Agreement, the Company shall exercise all such rights and powers as are available to it (including any voting rights) to ensure compliance with and to fully and effectually implement such actions or decisions as approved by the Board and the shareholders of the Company, as promptly as possible, including without limitation, as required to cause its Subsidiaries to take all actions required to be taken by it hereunder.

3.7 Other Agreements

(a) GoS warrants and represents to Etihad and undertakes; and

(b) Etihad warrants and represents to the GoS,

that as at the date of this Shareholder Agreement:

3.7.1 it is not party to any other agreement in respect of the exercise of its Votes;

3.7.2 there is no other shareholder agreement in place in respect of the Company which remains in force; and

3.7.3 having made reasonable enquiry of each of them no person acting or deemed to be acting in concert with them is party to any other agreement in respect of the exercise of its Votes;

and that they shall, unless otherwise approved by Etihad or by the GoS (in respect of the undertakings in (a) and (b) respectively) undertake to comply with the terms of this paragraph 3.7 for the term of this Shareholder Agreement.

4. TRANSFER OF SHARES AND LOCK-IN

4.1 Etihad and its Affiliates shall not directly or indirectly, for the period of three years from the date of this Shareholder Agreement, unless otherwise permitted in this Shareholder Agreement or agreed by the GoS in writing, Transfer all or any of the Shares subscribed for by Etihad pursuant to clause 3.1 of the Investment Agreement.

4.2 Etihad may Transfer Shares to any Affiliate of Etihad as permitted pursuant to clause 7.

4.3 The GoS shall not directly or indirectly Transfer all or any of the Shares held by them except in accordance with this Shareholder Agreement.

4.4 The GoS may Transfer Shares as follows:

4.4.1 subject to clause 4.8, to a person shown to the reasonable satisfaction of Etihad to be a nominee for the GoS only, and by any such nominee to the beneficial owner or to another person shown to the reasonable satisfaction of Etihad to be a nominee for the GoS only; or

4.4.2 for the purpose of granting security in respect of the Shares on terms that are reasonably acceptable to Etihad, as evidenced in writing prior to the grant of such security.

4.5 Any Transfer in breach of this Shareholder Agreement shall be null and void *ab initio*, and shall not be binding on the Company and the Company shall refuse to recognise any purported Transfer of Shares in violation of this Shareholder Agreement or record or register any such Transfer of Shares. The Parties shall not and shall exercise all rights and powers available to it to procure that the Company shall not reflect on its books any Transfer of Shares to any person except a Transfer made in accordance with the terms of this Shareholder Agreement.

4.6 The Company shall record in its share registry the restrictions on the Transfer of the Shares set forth in this clause 4.

4.7 In order to protect the value of the investment by Etihad and ensure the continued interest of the GoS in the Company so long as Etihad and/or its Affiliates are a shareholder in the Company holding at least 25 per cent of the equity share capital of the Company, the GoS shall (subject only to clause 8) continue to legally and beneficially own Shares representing at least 51% of the equity share capital of the Company at all times and shall not directly or

indirectly Transfer these Shares without obtaining the prior written approval of Etihad, which shall be forthcoming at Etihad's sole discretion. For the purpose of this clause 4.7, any direct or indirect Transfer of the legal or any beneficial ownership by the GoS shall be deemed to be a Transfer of the Shares held by the GoS unless such Transfer is made pursuant to clause 4.4.

- 4.8 Any Transfer other than a Transfer pursuant to clause 4.2 or 4.4, (subject in respect of a Transfer by the GoS to Etihad's prior consent) shall be subject to the Right of First Refusal and Tag Along Rights as set out in clause 5 and 6 below.

5. RIGHT OF FIRST REFUSAL

- 5.1 Should the GoS (or any of them) or Etihad (or any of Etihad's Affiliates) propose to Transfer all or part of the Shares held by them, save where such a Transfer is permitted pursuant to clause 4 of this Shareholder Agreement, then the provisions of this clause 5 shall apply.

- 5.2 The GoS may not Transfer any Shares unless:

5.2.1 Etihad gives prior written consent to such a Transfer to an identified Transferee (as defined below);

5.2.2 such Transferee (as defined below) undertakes to make a tag along offer pursuant to clause 6 below; and

5.2.3 the Transferee (as defined below) undertaking to execute and deliver a Deed of Adherence in the form set out in schedule 2 of this Shareholder Agreement on acquiring the Transfer Shares (as defined below).

- 5.3 If the GoS or Etihad (of any of its Affiliates) ("**Offering Party**") propose to Transfer any of the Shares held by them in the Company (the "**Transfer Shares**") pursuant to a bona-fide offer received from an independent third party ("**Transferee**"), it will promptly (but in any case not later than 90 (ninety) Days prior to the proposed date of closing of any such Transfer) give notice ("**RFR Notice**") to:

5.3.1 the GoS, if Etihad or any of Etihad's Affiliates proposes to Transfer Shares; or

5.3.2 Etihad, (if the GoS proposes to Transfer Shares),

("RFR Recipient")

describing in reasonable detail the proposed Transfer, including the number of Shares in the Company proposed to be transferred, the consideration to be paid, other material terms and conditions of the proposed Transfer, and the name and address of each proposed Transferee.

- 5.4 Within 60 (sixty) Days from receipt of the RFR Notice ("**Offering Period**"), the RFR Recipient shall have an option to acquire (either by itself or through a nominee of the GoS or an Etihad's Affiliate, as may be appropriate) all or a part of the Transfer Shares at the price set forth in the RFR Notice by delivering written notice ("**Acceptance Notice**") to the Offering Party stating that it is willing to acquire all or part of the Transfer Shares at the price set forth in the RFR Notice. However, RFR Recipient shall have an option to acquire not all but only a part of Transfer Shares only if Transferee is willing to acquire remaining Transfer Shares,

once part of Transfer Shares is acquired by the RFR Recipient. Otherwise, RFR Recipient shall have an option only to acquire all of Transfer Shares.

- 5.5 In the event the RFR Recipient delivers the Acceptance Notice as provided in this clause 5, then the RFR Recipient shall purchase (either by itself or through a nominee of the GoS or Etihad's Affiliate, as may be appropriate) all or part of the Transfer Shares at the purchase price offered by the Transferee for the Transfer Shares within 30 (thirty) days of the delivery of the Acceptance Notice.
- 5.6 Upon the expiry of the Offering Period, if the RFR Recipient has not exercised the right to purchase any of the Transfer Shares and has not delivered the Acceptance Notice, then the Offering Party shall be free within 30 (thirty) days of the expiry of the Offering Period or such later time as may be necessary to comply with applicable legal and regulatory requirements, to proceed with their sale of the Transfer Shares to the Transferee at the price stated in the RFR Notice, subject to the provisions of clause 5.2 and clause 6 below. In the event, the Offering Parties do not complete the sale of the Transfer Shares within such period, the Offering Parties shall once again be required to comply with the provisions of this clause 5.
- 5.7 The Parties agree that no transfer of shares to a Transferee shall be registered unless the Transferee delivers a duly executed Deed of Adherence in the form of schedule 2 provided always such a Deed of Adherence shall not be required if:
- 5.7.1 Etihad transfers all of the shares held by Etihad and its Affiliates pursuant to clause 6 below; or
- 5.7.2 Etihad and the GoS agree that a Deed of Adherence should not be required of a proposed Transferee.

6. ETIHAD TAG ALONG RIGHTS

- 6.1 Etihad shall have tag-along rights in any proposed Transfer of Shares by the GoS, exercisable at its sole discretion, in the manner specified in this clause 6 ("**Tag Along Rights**").
- 6.2 Upon receipt of the RFR Notice, Etihad shall, within a period of 60 (sixty) days from the date of receipt of the RFR Notice, be entitled to exercise its Tag Along Rights and offer all the Shares held by it to the Transferee, by delivery of a written notice to the GoS ("**Tag Along Notice**"). The Shares that Etihad is entitled to transfer under this clause shall be hereinafter referred to as the "**Tag Along Shares**".
- 6.3 The Transfer of the Shares by the GoS to the Transferee shall be conditional upon such Transferee acquiring the Tag Along Shares offered by Etihad in exercise of its Tag Along Rights on terms no less favourable than those offered by the Transferee to the GoS and Etihad shall be paid the same price per Tag Along Share and the sale shall be effected on the same terms and conditions as are received by the GoS, provided that the only warranty or representation which Etihad may in this case be required to provide shall be limited to the title of the Tag Along Shares being sold by Etihad.
- 6.4 The sale of the Tag Along Shares by Etihad pursuant to this clause 6 shall be completed on the date of Transfer of the Transfer Shares as set out in clause 5.6, failing which the GoS shall not Transfer any Shares to the Transferee and the process set out in clauses 5 and 6 shall again

become applicable to the Transfer of any Shares by the GoS to the Transferee or any third party. In the event the GoS do not receive any response to the RFR Notice within a period of 60 (sixty) days, or Etihad having responded does not exercise its Tag-Along Rights or the Right of First Refusal as set out in clauses 5 and 6, then the GoS shall (subject to receipt of Etihad's prior written agreement as referred to in clause 5.2.1) be free within 30 (thirty) days of the expiry of the Offering Period or such later time as may be necessary to comply with applicable legal and regulatory requirements, to proceed with their sale of the Transfer Shares to the Transferee at the price stated in the RFR Notice. In the event that the GoS does not complete the sale of the Transfer Shares within such period, the GoS shall once again be required to comply with the provisions of clause 4 and offer such shares to Etihad in accordance with the provisions of clauses 5 and 6.

7. TRANSFER BY ETIHAD

7.1 Etihad may freely Transfer Etihad Securities, with or without rights attached thereto, to any Affiliate (such Affiliates referred to as the "**Etihad Securities Transferee**") providing always that in the event such Affiliate ceases to be an Affiliate of Etihad, then such Person shall, and Etihad shall cause such Person to, re Transfer all the Shares Transferred to it back to Etihad or to another Affiliate of Etihad. In the event, Etihad transfers its rights (including part transfer) to an Etihad Affiliate under this Shareholder Agreement, Etihad and Etihad Securities Transferee shall jointly have all the rights and obligations of Etihad under this Shareholder Agreement.

7.2 The Parties agree that, in a case where Etihad transfers any rights to any Etihad Securities Transferee, the Parties shall enter into a Deed of Adherence in the form annexed hereto as schedule 2 with such Etihad Securities Transferee.

7.3 The GoS and the Company agree and undertake to promptly provide all assistance, make available all information, books, registers, contracts, documents and records and provide access to all premises, sites, offices, personnel, officers, employees, agents, accountants, consultants, etc of the Company that Etihad or any Person identified by Etihad as Etihad Securities Transferee may require to enable such Persons to carry out a due diligence review of the Company, subject to the provisions of applicable Law.

8. PUT OPTION

8.1 In the event of termination of this Shareholder Agreement by the GoS, Etihad may serve a notice (a "**Put Exercise Notice**" substantially in the form of schedule 3) on the GoS to require the GoS to purchase all, but not some, of Etihad's Shares at a price per Share equivalent to the Purchased Price provided that the GoS repays all loans that are outstanding from Etihad to any Group member at the point at which Etihad exercises such put option (the "**Put Option**").

8.2 On exercise by Etihad of the Put Option, Etihad shall sell and the GoS shall acquire all, but not some, of Etihad's Shares, such sale and purchase to be completed within six months of the date of the Put Exercise Notice, (or in the event of any legal impediment to transfer as soon as possible thereafter and the GoS shall use its best endeavours to remove such legal impediment and Etihad shall provide all reasonable assistance in connection therewith).

8.3 Payment by the GoS of the consideration on completion of the Put Option shall be in cash, in US Dollars and shall be free from the deduction or withholding of any taxation, duty, fee or other charge whatsoever.

9. CALL OPTION

- 9.1 In the event of termination of this Shareholder Agreement by the GoS, the GoS may serve a notice (a "**Call Exercise Notice**" substantially in the form of schedule 4) on Etihad to require Etihad to sell all, but not some, of Etihad's Shares to the GoS at a price per Share equivalent to the Purchase Price, provided that the GoS repays all loans that are outstanding from Etihad to any Group member at the point at which the GoS exercises such call option (the "**Call Option**").
- 9.2 On exercise by the GoS of the Call Option, Etihad shall sell and the GoS shall acquire all, but not some, of Etihad's Shares, such sale to be completed within three months of the date of the Call Exercise Notice, (or in the event of any legal impediment to transfer as soon as possible thereafter and Etihad shall use its best endeavours to remove such legal impediment and the GoS shall provide all reasonable assistance in connection therewith).
- 9.3 Payment by the GoS of the consideration on completion of the Call Option shall be in cash, in US Dollars, and shall be free from the deduction or withholding of any taxation, duty, fee or other charge whatsoever.

10. EVENT OF DEFAULT

- 10.1 Each of the following shall constitute an event of default ("**Event of Default**") for purposes of this Shareholder Agreement:
- 10.1.1 in the event that either of the Company, the GoS (on the one hand) or Etihad (on the other hand) (the "**Defaulting Party**") is in breach or fails to observe or comply with any term, covenant, representation, warranty or obligation contained in this Shareholder Agreement or any of the other Transaction Documents, which breach or failure, if capable of cure or remedy, has not been cured or remedied within 30 (thirty) days of the receipt of written notice of such breach or failure from the other party (the "**Non-Defaulting Party**"). For the purposes of this clause, a breach or failure to observe or comply with any term, covenant or obligation contained in this Shareholder Agreement or any of the other Transaction Documents by the Company shall constitute a breach or default by the GoS for the purpose of this clause 10; and/or
- 10.1.2 bankruptcy, winding-up and/or liquidation or dissolution of the Company, any of the Subsidiaries and/or the GoS unless such Person ceases to be a shareholder of the Company in accordance with this Shareholders Agreement.

10.2 Consequences of Event of Default

- 10.2.1 Upon the occurrence of an Event of Default as specified in clause 10.1, the Non-Defaulting Party shall have the option to either (i) terminate this Shareholder Agreement; or (ii) without termination, continue to exercise its rights under this Shareholder Agreement. In the event of termination, this Shareholder Agreement and/or other Transaction Documents (as specified by the Non-Defaulting Party) shall cease to have effect upon receipt of written notice of termination thereof by the Defaulting Party or their authorised representative, provided that any termination shall be without prejudice to any rights or

obligations accrued to or in respect of the Non-Defaulting Party prior to the date of termination.

- 10.2.2 The rights specified in this clause 10.2 shall be in addition to and not in substitution for, any other remedies, including a claim for damages that may be available to the Non-Defaulting Party in respect of an event set out in clause 10.1.

11. WARRANTIES AND UNDERTAKINGS

- 11.1 The GoS warrants and represents to Etihad that all those shares in the Company which it holds and/or in which it is interested are set out alongside its name in schedule 1; and
- 11.2 Each Party warrants and represents to each other Party that, as at the date hereof, neither the execution nor the performance of this Shareholder Agreement or the Investment Agreement involves a breach by it of any Law.
- 11.3 Each Party undertakes to execute and deliver without delay a Deed of Adherence received from a Covenantor (as defined thereon) where such Deed of Adherence has been delivered in accordance with this Shareholder Agreement.
- 11.4 The GoS and the Company agree and undertake that:
- 11.4.1 they shall ensure that all agreements and arrangements between the Company and/or any of their respective Affiliates (save to the extent that this is inconsistent with the GoS's performance of its obligations under the TFA), are entered into on an Arm's Length Basis and subject to the other provisions of this Shareholder Agreement;
- 11.4.2 they shall comply with all applicable Laws and that the Company and each Group Company shall undertake their business, activities and investments, and cause their Subsidiaries to undertake their business, activities and investments in compliance with applicable Law;
- 11.4.3 they, their Board Members, Management Team and Key Employees shall follow ethical business practices.
- 11.5 The Parties undertake to continue to procure the satisfaction of the undertakings given by them, set out in clause 4.10 of the Investment Agreement, following Closing, to the extent they have not been fully satisfied prior to Closing.
- 11.6 The Company undertakes that it shall, as soon as reasonably practicable following Closing, but in any event within the relevant prescribed period, submit all required filings, applications or notifications to the relevant Authority, where any filing, application or notification is required in connection with the Transaction.

12. EFFECTIVE DATE AND TERM

- 12.1 This Shareholder Agreement will become effective on the Closing Date and will continue as long as Etihad and its Affiliates in aggregate hold at least 15% of the issued share capital of the Company.

- 12.2 Without prejudice to the accrued rights of any party, and except in respect of the provisions of this clause 12 and clauses 1 (Definitions and Interpretation), 17 (Confidentiality), 18 to 29 (inclusive) (Announcements to Governing Law and Disputes), this Shareholder Agreement shall cease and determine in respect of the rights and obligations of any party, such party ceasing to hold Shares or ceasing to be the beneficial owner of Shares provided that such party has first complied with its obligations under clause 5 (Etihad Right of First Refusal), 6 (Etihad Tag Along Rights), 14 (GoS Non-Compete Obligations), 15 (Etihad Non-Compete Obligations), and the transferee, has entered into a Deed of Adherence.

13. USE OF ENGLISH

The Parties agree that, to the extent not already used by the Company, English shall be adopted as the principal language for all Board and Shareholder meetings and all documents produced for such meetings shall also be in English.

14. GOS'S NON-COMPETE OBLIGATIONS

- 14.1 During the period commencing on the date hereof and for as long as the GoS has any shareholding in the Company exceeding 5 per cent of the Company's issued share capital and for a period of three years thereafter (except as permitted under this Shareholder Agreement):
- 14.1.1 The GoS shall conduct the Business exclusively through the Company and shall not assume management or lead responsibility or executive responsibility (directly or indirectly) in any other competing ~~airline business~~ Airline Business in Serbia or any business providing services in connection with or to the civil aviation industry in Serbia which, at the relevant time, competes or might reasonably be considered to ~~be compete with any part~~ compete, and have any material adverse effect on the performance of the Company's business, without the prior written consent of Etihad not to be unreasonably withheld;
- 14.1.2 The GoS shall not engage in any activity that conflicts with the Business of the Company. In this regard the GoS undertakes that they shall not, and shall ensure that none of their Affiliates shall, singly or jointly, directly or indirectly, for their own account or as agent, employee, officer, director, consultant or shareholder or equity owner of any other Person, engage or attempt to engage or assist any other Person to engage in the Business;
- 14.1.3 The GoS undertakes that from the Closing Date, they shall give up, part with and/or cease and desist from carrying on in Serbia any activity or business which, at the relevant time, competes or might reasonably be considered to be compete with any part of the Company's business, . They undertake that any venture or investment, whether directly or indirectly, which at the relevant time, competes or might reasonably be considered to be compete with any part of the Company's business, shall only be undertaken, carried on, implemented or held through the Company, unless Etihad gives prior written consent to the GoS to do otherwise;
- 14.1.4 The GoS shall direct all commercial opportunities related to any aspect of the Business that are available to them or their Affiliates, to the Company and shall not, without prior written consent of Etihad, use such commercial opportunity for their benefit or for the benefit of their Affiliates;

- 14.1.5 neither the GoS nor any of their Affiliates, shall, either on their own account or for any other Person: (a) solicit any employees of the Company to leave his or her employment; (b) induce or attempt to induce any such employees to terminate or breach his or her employment agreement with the Company; (c) interfere in any manner with the contractual, employment or other relationship of any Person (including the Key Employees) who is in the employment of the Company, or was in the employment of the Company for the preceding 12 (twelve) months;
- 14.1.6 The GoS shall not, nor shall any of their respective Affiliates, directly or indirectly: (a) solicit, cause in any part or knowingly encourage any existing customers, agents and suppliers of the Company, engaged in relation to the Business, to cease dealing or reduce dealing with the Company; or (b) solicit, cause in any part or knowingly encourage any existing customers, agents and suppliers of the Company, to do business with any other Person; or (c) directly or indirectly, deal with such customers, agents and suppliers;
- 14.1.7 The GoS shall not provide any know-how or technical assistance to any Person in relation to any business which competes with the Business.
- 14.2 The GoS shall also not divulge or disclose to any Person any information (other than information available to the public or disclosed or divulged pursuant to an order of a court of competent jurisdiction or otherwise required to be disclosed by the Law) relating to the Business, including but not limited to the identity of clients, finance, contractual arrangements, business or methods.
- 14.3 The GoS expressly waive any right to assert inadequacy of consideration as a defence to enforcement of the covenants set forth in this clause 13. The Parties agree that in the event that any provision of this clause 13 shall be determined by any court of competent jurisdiction to be unenforceable by reason of it being extended over too great a time, too large a geographic area or too great a range of activities, such provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by Law. Provided however, that on the revocation, removal or diminution of the Law or provisions, as the case may be, by virtue of which the restrictions contained in this clause were limited as provided hereinabove, the original restrictions would stand renewed and be effective to their original extent, as if they had not been limited by the Law or provisions revoked.
- 14.4 The GoS acknowledge and agree that the above restrictions are considered reasonable for the legitimate protection of the business and goodwill of Etihad and the Company. GoS acknowledge and agree that the covenants and obligations with respect to non-compete and non-solicitation as set forth above relate to special, unique and extraordinary matters, and that a violation of any of the terms of such covenants and obligations could cause Etihad and the Company irreparable injury. Therefore, GoS agree that Etihad and/or the Company may be entitled to an interim injunction, restraining order or such other equitable relief as a court of competent jurisdiction may deem necessary or appropriate to restrain GoS from committing any violation of the covenants and obligations contained in this clause. These injunctive remedies are cumulative and are in addition to any other rights and remedies, Etihad and/or the Company may have at Law or in equity.
- 14.5 The GoS acknowledge and confirm that Etihad is entering into the Transaction Documents in reliance of the covenants made by the GoS under this clause 13.

15. ETIHAD'S NON-COMPETE OBLIGATIONS

- 15.1 During the three year period commencing on the date hereof, unless otherwise agreed with the GoS in writing:
- 15.1.1 Etihad shall not acquire more than 5% of the issued share capital of a company whose primary business is the operation of an international passenger airline in Serbia;
 - 15.1.2 Etihad shall not assume management or lead responsibility or executive responsibility (directly or indirectly) in any other competing airline business in Serbia without the prior written consent of GoS;
 - 15.1.3 neither Etihad nor any of its Affiliates, shall, either on their own account or for any other Person: (a) solicit any employees of the Company to leave his or her employment; (b) induce or attempt to induce any such employees to terminate or breach his or her employment agreement with the Company; (c) interfere in any manner with the contractual, employment or other relationship of any Person (including the Key Employees) who is in the employment of the Company, or was in the employment of the Company for the preceding 12 (twelve) months;
 - 15.1.4 Etihad shall not, nor shall any of its respective Affiliates, directly or indirectly: (a) solicit, cause in any part or knowingly encourage any existing customers, agents and suppliers of the Company, engaged in relation to the Business, to cease dealing or reduce dealing with the Company; or (b) solicit, cause in any part or knowingly encourage any existing customers, agents and suppliers of the Company, to do business with any other Person; or (c) directly or indirectly, deal with such customers, agents and suppliers.
- 15.2 Etihad acknowledges and agrees that the above restrictions are considered reasonable for the legitimate protection of the business and goodwill of the Company. Etihad acknowledges and agrees that the covenants and obligations as set forth above in clause 15.1 relate to special, unique and extraordinary matters, and that a violation of any of the terms of such covenants and obligations could cause the Company irreparable injury. Therefore, Etihad agrees that the Company may be entitled to an interim injunction, restraining order or such other equitable relief as a court of competent jurisdiction may deem necessary or appropriate to restrain Etihad from committing any violation of the covenants and obligations contained in this clause. These injunctive remedies are cumulative and are in addition to any other rights and remedies, the Company may have at Law or in equity.
- 15.3 Etihad acknowledges and confirms that the Company is entering into the Transaction Documents in reliance of the covenants made by Etihad under this clause 15.
- 15.4 The GoS and the Company acknowledges that the provisions of clause 15.1 shall not in any respect apply to restrict any airline in which Etihad or any of its Affiliates holds more than 50 per cent of the shares effecting an investment which Etihad is restricted from effecting in accordance with clause 15.1.

16. INSURANCE

- 16.1 The Company undertakes to procure, and keep and maintain in full force and effect, at all times, all insurance policies as may be required by the Company and its Subsidiaries, as the case may be, to maintain at all time, sufficient insurance cover as is customary for companies carrying on the Business, in accordance with best industry practices and international norms and customs and applicable Law.
- 16.2 The Company shall use all reasonable endeavours to obtain and maintain on commercially acceptable terms to the Company and Etihad, a directors and officers liability insurance policy with an insurance coverage for an amount of approximately US\$150,000,000 (one hundred and fifty million US Dollars) from a 'AAA' rated insurance company, for all Directors, Management Team, Key Employees and officers of the Company.

17. CONFIDENTIALITY

- 17.1 For the purposes of this clause 17:

17.1.1 **"Confidential Information"** means:

17.1.1.1 (in relation to Etihad) any information received or held by Etihad (or any of its Representatives) which it may have or acquire before or after the date of this Shareholder Agreement in relation to any member of the Group or any customers, business, assets or affairs of any Group Company; or

17.1.1.2 (in relation to each Group Company) any information received or held by such Group Company (or any of its Representatives, as defined below) which it may have or acquire before or after the date of this Shareholder Agreement in relation to Etihad or any of its customers, business, assets or affairs; and

17.1.1.3 and information relating to the provisions of, and negotiations leading to, the Transaction Documents;

17.1.2 and includes written information and information transferred or obtained orally, visually, electronically or by any other means;

17.1.3 **"Representatives"** means, in relation to a Party, members of its group and each member of such group's officers, employees, agents and professional and other advisers, and **"Representative"** means any of them.

- 17.2 Each Party undertakes that it shall (and, where relevant, undertakes to procure that its Representatives shall):

17.2.1 keep confidential at all times;

17.2.2 not permit or cause the disclosure of; and

17.2.3 not use for any purposes other than as may be reasonably necessary to enable each of the Parties to perform and enjoy the benefits of the Transaction Documents (to the extent to which they are a party thereto) and Etihad to monitor and make investment decisions (subject always to applicable Laws and regulation regarding the use of inside information) regarding its investment in the Company,

the Confidential Information. In performing its obligations under this clause 17, each Party shall apply confidentiality standards and procedures at least as stringent as those it applies generally in relation to its own confidential information.

17.3 The obligations under clause 17.2 do not apply to:

17.3.1 information which at the date of disclosure is within the public domain (otherwise than as a result of a breach of this clause 17 or of the Confidentiality Letter from Etihad to the Company dated [●] April 2013; ~~[please provide/confirm]~~

17.3.2 the disclosure of information to the extent required to be disclosed by Law, regulation or any regulatory or governmental Authority (including any Tax Authority) having applicable jurisdiction (provided that the disclosing party shall first, to the extent lawful and reasonably practicable, inform the other party of its intention to disclose such information and take into account the reasonable comments of the other party);

17.3.3 information which is independently developed by the relevant person from information provided or obtained other than pursuant to or in connection with this Shareholder Agreement to the extent that it is acquired with the right to disclose or use the same;

17.3.4 the disclosure by any Party in confidence to its Representatives or, of information reasonably required to be disclosed for a purpose reasonably incidental to this Shareholder Agreement;

17.3.5 disclosure of Confidential Information which was lawfully in the possession of that party or any of its Representatives (in either case as evidenced by written records) without any obligation of secrecy prior to its being received or held;

17.3.6 disclosure of Confidential Information which is required for the purpose of any arbitral or judicial proceedings arising out of this Shareholder Agreement;

17.3.7 any announcement made in accordance with the terms of clause 18;

17.3.8 any information provided pursuant to any of the other Transaction Documents, to the extent that such Transaction Document contains a confidentiality undertaking and/or provides for use of such Confidential Information by a recipient, in order to give the intended effect to such agreement(s).

17.4 Each Party shall inform any Person to whom it provides Confidential Information pursuant to clause 17.3, that such information is confidential and, in the case of disclosure pursuant to clause 17.3.4, shall only provide such Confidential Information to such Person if they agree:

17.4.1 to keep it confidential on the terms of and otherwise to comply with, this clause 17; and

17.4.2 not to disclose it to any third party (other than those persons to whom it has already been disclosed in accordance with the terms of this Shareholder Agreement),

or otherwise with the consent of the other Party.

17.5 The disclosing Party shall at the request of the other Parties enforce this clause 17 against any person to whom it has disclosed the Confidential Information.

17.6 This clause 17 shall survive termination of this Shareholder Agreement and shall expire three years after the date of termination of this Shareholder Agreement.

18. ANNOUNCEMENTS

18.1 Subject to clause 18.2, no public announcement of any kind in connection with the signature or subject matter of this Shareholder Agreement shall be made by any Party hereto without the prior consent of the other.

18.2 If any Party is required by Law or by any stock exchange or by any governmental or regulatory authority to make any announcement in connection with the signature or subject matter of this Shareholder Agreement, the relevant Party shall give the other reasonable opportunity (if such an opportunity exists) to comment on such announcement before it is made (provided that this shall not have the effect of preventing the Party making the announcement from complying with its legal and/or regulatory obligations).

19. ASSIGNMENT AND SUCCESSORS

19.1 Unless otherwise expressly provided in this Shareholder Agreement, no Party may assign, transfer, grant any Encumbrance over, declare any trust over or deal in any way with any of its rights under this Shareholder Agreement without the prior consent of the other Parties.

19.2 This Shareholder Agreement shall be binding on and continue for the benefit of the respective heirs, executors, administrators, successors and permitted assignees of each Party.

20. ENTIRE AGREEMENT

20.1 In this clause 21, "**Pre-Contractual Statements**" means any representation, statement, assurance, covenant, undertaking, warranty, indemnity, guarantee or commitment (whether contractual or otherwise) made or given before the date of this Shareholder Agreement.

20.2 Save as set out in clause 20.3, this Shareholder Agreement supersedes and extinguishes all previous agreements, arrangements and understandings between, or Pre-Contractual Statements given by, the parties relating to the subject matter of this Shareholder Agreement.

20.3 Each party acknowledges and represents to the others that it has not relied on, or been induced to enter into this Shareholder Agreement by, any Pre-Contractual Statement given by any

person (whether a party to this Shareholder Agreement or not), other than the Pre-Contractual Statements set out in this Shareholder Agreement.

This clause 21 shall not exclude or limit any liability arising as a result of any fraud, wilful misstatement, wilful misconduct or wilful concealment.

21. SEVERANCE

21.1 If any provision of this Shareholder Agreement is or becomes illegal, invalid or unenforceable in any respect, that shall not affect or impair the legality, validity or enforceability or any other provision of this Shareholder Agreement.

21.2 If any illegal, invalid or unenforceable provision of this Shareholder Agreement would be legal, valid or enforceable if some part or parts of it were deleted, such provision shall apply with the minimum deletion(s) necessary to make it legal, valid or enforceable.

22. VARIATION

No variation of this Shareholder Agreement shall be valid unless it is in writing and signed by or on behalf of each Party.

23. WAIVER AND CUMULATIVE REMEDIES

23.1 The rights and remedies of each party under or in respect of this Shareholder Agreement may be waived only by express notice. Any waiver shall apply only in the instance and for the purpose for which it is given.

23.2 No right or remedy under or in respect of this Shareholder Agreement shall be precluded, waived or impaired by:

23.2.1 any failure or delay in exercising it;

23.2.2 any failure to exercise or delay in exercising it;

23.2.3 any single or partial exercise of it;

23.2.4 any earlier waiver of it, whether in whole or in part; or

23.2.5 any failure to exercise, delay in exercising, single or partial exercise of or waiver of any other such right or remedy.

23.3 Unless otherwise expressly provided in this Shareholder Agreement, the rights and remedies under this Shareholder Agreement are in addition to, and do not exclude, any other rights or remedies provided by Law.

24. COUNTERPARTS

24.1 This Shareholder Agreement may be executed in any number of counterparts, and by the Parties on separate counterparts, but shall not be effective until each Party has executed at least one counterpart.

24.2 Each counterpart shall constitute an original of this Shareholder Agreement, but all the counterparts shall together constitute one and the same agreement.

25. NOTICES

25.1 Any notice or other communication to be given or made to a Party under this Shareholder Agreement ("**Notice**"):

25.1.1 shall be in writing and in English;

25.1.2 shall be sent to the postal address and for the attention of the person specified in clause 25.2 (or such other address or person as each party may notify to the other in accordance with clause 25.5); and

25.1.3 may be served on or delivered to the relevant party:

25.1.4 personally or by hand delivery; and

25.1.5 by prepaid first class or special (or other recorded) delivery post.

25.2 The postal addresses of the Parties for the purposes of clause 25.1.2 are:

Etihad:

For the attention of:

General Counsel

Address:

PO Box 35566
Khalifa City A
Abu Dhabi
United Arab Emirates

GoS:

[please provide]

For the attention of:

[•]

Address:

[•]

The Company:

[please provide]

For the attention of:

[•]

Address:

Bulevar Umetnosti 16A

Belgrade

Serbia

25.3 Any Notice which has been served or delivered in accordance with clause 25.1 shall be deemed to have been served or delivered:

25.3.1 if served or delivered personally or by hand, at the time of service or delivery; or

25.3.2 if posted, at 10.00 am on the second Business Day after the date of posting unless there is evidence of earlier receipt,

provided that if, under clause 25.4.1 any Notice would be deemed to have been served or delivered after 5.00 pm on a Business Day and before 9.00 am on the next Business Day, such Notice shall be deemed to have been served or delivered at 9.00 am on the second of such Business Days.

25.4 In proving service or delivery of a Notice, it shall be sufficient to prove that the Recipient has acknowledged the Notice or:

25.4.1 that service or delivery personally or by hand was made; or

25.4.2 in the case of posting, that the envelope containing the Notice was properly addressed and posted by prepaid first class or special (or other recorded) delivery post.

25.5 A Party may notify the other Parties of a change to its name, postal address or relevant contact for the purposes of clause 25.1.2. Such notice shall be effective on the fifth Business Day after the date on which such notice is deemed to have been served or delivered in accordance with this clause 25, or such later date as may be specified in the notice.

25.6 All notices or formal communications under or in connection with this Shareholder Agreement shall be in the English language or, if in any other language, accompanied by a translation into English. In the event of any conflict between the English text and the text in any other language, the English text shall prevail.

25.7 In this clause 25, references to times of day are in each case to London time.

26. PRECEDENCE OVER THE ARTICLES

In case of a discrepancy between this Shareholder Agreement and the Articles, as between the Parties, the Parties shall exercise their Votes in such a way as to cause this Shareholder Agreement to prevail [except to the extent that it conflicts with amendments made to the Articles after the signing of this Shareholder Agreement which were a mandatory requirement of applicable Law]. **[please confirm]**

27. NO PARTNERSHIP

Nothing in this Shareholder Agreement shall constitute any legal partnership or profit share arrangements between the Parties, other than the joint venture developed pursuant to this Shareholder Agreement arising solely in connection with the common ownership of shares in the capital of the Company. Given Etihad's and the Company's strategic partnership and the Investment Agreement it is not the intention that the commercial co-operation between the parties will involve any additional sharing of revenues or profits, save as specifically provided in the Investment Agreement, this Shareholder Agreement or the Co-operation Agreement.

28. GOVERNING LAW AND DISPUTES

- 28.1 This Shareholder Agreement and any non-contractual obligations arising out of or in connection with this Shareholder Agreement shall be governed by and interpreted in accordance with English law.
- 28.2 Any dispute or differences arising out of or in connection with this Shareholder Agreement, including any question regarding its existence, validity or termination, and all contractual and non-contractual claims arising out of or in connection with this Shareholder Agreement shall be referred to and finally resolved by arbitration under the London Court of International Arbitration Rules ("~~LCIA Arbitration~~ Rules"), which LCIA Rules are deemed to be incorporated by reference into this clause.
- 28.3 The number of arbitrators shall be three, of which one arbitrator shall be appointed by Etihad, one arbitrator shall be appointed collectively by the GoS and the Company and the third arbitrator shall be appointed jointly by the two arbitrators so appointed.
- 28.4 The seat, or legal place, of arbitration shall be London.
- 28.5 The language to be used in the arbitral proceedings shall be English. The arbitral proceedings shall be held in camera with full confidentiality of the proceedings and of any and all materials, documents and information submitted in such proceedings.
- 28.6 The arbitration awards shall be reasoned awards and shall be final and binding on the disputing parties. The existence or subsistence of a dispute between ~~Parties~~parties, or the commencement or continuation of arbitration proceedings, shall not, in any manner, prevent or postpone the performance of those obligations of the Parties under the Agreement which are not in dispute, and the arbitrators shall give due consideration to such performance, if any, in making a final award.
- 28.7 In addition, in connection with any dispute or claim, Etihad shall have the right, in its sole discretion, to apply to the courts of Serbia for interim or other relief to protect or enforce its rights under this Shareholder Agreement pending the commencement of an arbitration and/or the appointment of any arbitral tribunal and any such order of the Serbian courts shall remain in full force and effect unless and until substituted by an order of the arbitral tribunal pursuant to LCIA Rule 25 (or such LCIA Rule as may replace it from time to time) and/or the order of the Serbian courts has been varied or withdrawn by those courts upon the application of one of the parties to the dispute or claim.
- 28.8 ~~28.7~~ The Parties hereto acknowledge that monetary damages for breach of the terms of this Shareholder Agreement may not be an adequate remedy and that any ~~Party~~party hereto may be entitled to equitable remedies, including injunctive relief and specific performance.
- 28.9 ~~28.8~~ The GoS irrevocably:
- 28.9.1 ~~28.8.1~~ consents generally in accordance with the State Immunity Act 1978 to relief being given against it in England or any other jurisdiction by way of injunction or order for specific performance or for the recovery of any property whatsoever or other provisional or protective measures and to its property being

subject to any process for the enforcement of a judgement or any process effected in the course or as a result of any action in rem; and

28.9.2 ~~28.8.2~~ waives and agrees not to claim any immunity from suits and proceedings (including actions in rem) in England or any other jurisdiction and from all forms of execution, enforcement or attachment to which it or its property is now or may hereafter become entitled under the laws of any jurisdiction and declares that such waiver shall be effective to the fullest extent permitted by such laws, and in particular the United States Foreign Sovereign Immunities Act of 1976.

AS WITNESS this agreement has been signed by the duly authorised representatives of the Parties the day and year first before written.

SCHEDULE 1: GOS SHAREHOLDING

Name	No. of Shares Held	Percentage
GOS	[•]	51%
TOTAL CURRENT SHARE CAPITAL	[•]	100%

SCHEDULE 2: DEED OF ADHERENCE

THIS DEED OF ADHERENCE is made on

20[]

BETWEEN:

- (1) [[] a company registered in [] with number [] whose registered office is at [] OR [[] of [address]] ("**Covenantor**");
- (2) **ETIHAD AIRWAYS PJSC**, a company organised under the laws of the Emirate of Abu Dhabi and with its head office at PO Box 35566, Khalifa City A, Abu Dhabi, United Arab Emirates ("**Etihad**");
- (3) **THE GOVERNMENT OF THE REPUBLIC OF SERBIA, [•]** ("**GOS**"); and
- (4) **JAT AIRWAYS A.D.**, a company incorporated in Serbia acting through its head office at Bulevar Umetnosti 16A, Belgrade, Serbia (the "**Company**" and/or "**JAT**").

BACKGROUND

A This deed is supplemental to an investment agreement made on [●] 2013 between (1) Etihad and (2) the GoS [(as amended by [*insert details of any instrument modifying the original agreement*])] ("**Investment Agreement**").

B The Covenantor wishes to be registered as the holder of [*number*] Shares.

IT IS AGREED as follows:

1. Words and expressions defined in the Investment Agreement shall (unless the context requires otherwise) have the same meaning when used in this deed).
2. The Covenantor confirms that [it][he] has been supplied with a copy of the Investment Agreement (a copy of which is attached to this deed and has been initialled by each of the parties ("**Parties**")) and covenants with each of the Parties to observe, perform and be bound by all the terms of the Investment Agreement [other than clause []] as if [it][he] were a party to it or named in it as [the GoS] [Etihad].
3. Each of the other parties to this deed covenants with the Covenantor that the Covenantor shall be entitled to the benefit of the terms of the Investment Agreement as if [it][he] were a party to it and named in it as [the GoS except that the Covenantor shall not be liable under the Warranties] [Etihad].
4. The Covenantor acknowledges, for the avoidance of doubt, that [it][he] is not relying on any warranties or representation made to [it][him] by Etihad.
5. This Deed of Adherence may be executed in any number of counterparts and by the Parties in separate counterparts, but shall not be effective until each party shall have executed at least one counterpart.

6. This Deed shall be governed by and construed in accordance with English law and the parties submit for all purposes in connection with this deed to the [non-]exclusive jurisdiction of the English courts.

The parties intend this document to be a deed and accordingly they or their duly authorised representatives execute and deliver it as such.

[Appropriate signature clauses to be inserted]

SCHEDULE 3: FORM OF PUT EXERCISE NOTICE

To: The Government of the Republic of Serbia

Dear Sirs,

We refer to the Shareholders' Agreement dated [] and made between yourselves and ourselves and to the Put Option granted by you to us under that agreement.

We hereby give you notice under and pursuant to clause 8 of the Shareholder Agreement that we exercise the Put Option granted by you to us in respect of all the Shares owned by us.

Yours faithfully,

For and on behalf of
Etihad Airways P.J.S.C

SCHEDULE 4: FORM OF CALL EXERCISE NOTICE

To: Etihad Airways P.J.S.C

Dear Sirs,

We refer to the Shareholders' Agreement dated [] and made between yourselves and ourselves and to the Call Option granted by you to us under that agreement.

We hereby give you notice under and pursuant to clause 9 of the Shareholder Agreement that we exercise the Call Option granted by you to us in respect of all the Shares owned by us.

Yours faithfully,

For and on behalf of
The Government of the Republic of Serbia

Executed as a deed by **ETIHAD AIRWAYS**)
PJSC in the presence of:)

.....
Director

Witness signature

Witness name,
(block capitals)

Witness address

.....

.....

Executed as a deed by **THE GOVERNMENT**)
OF THE REPUBLIC OF SERBIA in the)
presence of:

.....
Director

Witness signature

Witness name,
(block capitals)

Witness address

.....

.....

Executed as a deed by **JAT AIRWAYS A.D.**)
in the presence of:)

Director

Witness signature -----

Witness name -----
(block capitals)

Witness address -----
