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ARTICLE 1. DEFINITIONS

As used in these Conditions of Carriage, terms shall be defined as follows:

1. "**KAL**" means KOREAN AIR LINES Co., LTD.
2. "**AIR WAYBILL**," which is equivalent to the term 'Air Consignment Note', means the document entitled 'Air Waybill/Air Consignment Note' made out by or on behalf of the shipper which evidences the contract between the shipper and KAL for carriage of cargo over the routes of KAL. In the interpretation of this General Conditions of Carriage, the meaning of the term "Air Waybill" always shall include e-Air Waybill, which is the electronic form of the paper Air Waybill.
3. "**CARRIER**" includes the air carrier issuing the Air Waybill and all carriers that carry or undertake to carry the cargo under such Air Waybill or to perform by other services related to such air carriage.
4. "**ADVANCE ARRANGEMENT**" means any special arrangement between the shipper and KAL, made prior to tendering consignment.
5. "**CARRIAGE**", which is equivalent to the term 'Transportation', means the carriage of cargo by air or any other means of transport including road, gratuitously or for reward. "International Carriage Other Than That Defined By The Convention" means any carriage which is not international carriage as defined either by the Warsaw Convention, by the Warsaw Convention as amended at The Hague, 1955, or by the Montreal Convention but in which, according to the agreement made by the parties, the place of departure and the place of landing are situated in more than one country.
6. "**CONVENTION**" means one of the followings, whichever may be applicable to carriage under the contract of carriage:
 - A. The Convention for the Unification of Certain Rules Relating to International Carriage by Air signed at Warsaw on 12 October 1929 (hereinafter referred to as 'the Warsaw Convention'); or
 - B. The Warsaw Convention as amended at The Hague on 28 September 1955 (hereinafter referred to as 'the Warsaw Convention as amended at The Hague, 1955')
 - C. The Convention for the Unification of Certain Rules Relating to International Carriage by Air signed at Montreal on 28 May 1999 (hereinafter referred to as 'the Montreal Convention')
7. "**COUNTRY**," which is equivalent to the term 'State', includes all territory subject to the sovereignty, suzerainty, mandate, trusteeship, or authority thereof.
8. "**CARGO**", which is equivalent to the terms 'Goods', means anything carried or to be carried in an aircraft, other than mail or baggage; provided that unaccompanied baggage moving under an Air Waybill is cargo.
9. "**VALUABLE CARGO**" means a consignment which contains one or more of the following articles:
 - A. Any article having a declared value for carriage of US \$1,000.00(or its

- equivalent) or more, per gross Kilogram;
- B. (1) Gold bullion (including refined and unrefined gold in ingot form), dore bullion, gold specie;
- (2) Gold only in the form of grain, sheet, foil, powder, sponge, wire, rod, tube, circles, moldings and castings;
- C. (1) Platinum, platinum metals (palladium, iridium, ruthenium, osmium and rhodium);
- (2) Platinum alloys in the form of grain, sponge, bar, ingot, sheet, rod, wire, gauze, tube and strip; Provided that those radioactive isotopes of the above metals and alloys are dangerous goods.
- D. Legal banknotes, traveler's cheques, securities, shares, share coupons, postage stamp and revenue stamps (excluding mint stamps from the United Kingdom) and ready for use bank cards and/or credit cards;
- E. (1) Diamonds (including diamonds for industrial use), rubies, emeralds, sapphires, opals and real pearls (including cultured pearls);
- (2) Jewelry consisting of any of the articles under (1) above;
- F. Jewelry and watches made of platinum and/or gold and/or silver; and
- G. Articles made of platinum and/or gold, other than platinum and/or gold plated.
10. "**CHARGES PREPAID CONSIGNMENT**" means the consignment of which the freight charges and/or service charges are entered on the Air Waybill for payment by the shipper.
11. "**CHARGES COLLECT CONSIGNMENT**" means the consignment of which the freight charges and/or service charges are entered on the Air Waybill for collection from the consignee.
12. "**UNACCOMPANIED BAGGAGE**", which is equivalent to the term 'Baggage shipped as Cargo', means baggage of a passenger moving under an Air Waybill.
13. "**SHIPPER**," which is equivalent to the term 'Consignor', means the person whose name appears on the Air Waybill as the party contracting with KAL for carriage of cargo.
14. "**CONSIGNEE**" means the person whose name appears on the Air Waybill as party to whom the consignment is to be delivered by KAL.
15. "**CUSTOMS CONSIGNEE**," which is equivalent to the term "Customs Clearance Agent" means a customs broker or other agent of the consignee designated to perform customs clearance service for the consignee.
16. "**PICK-UP SERVICE**" means the surface carriage of export consignment from the point of pick-up to the airport of departure.
17. "**DELIVERY SERVICE**" means the surface carriage of import consignment from the airport of destination to the address of the consignee or that of his designated agent or to the custody of appropriate government agency when required.
18. "**CITY TERMINAL SERVICE**" means the surface carriage of consignment between KAL's city handling station and the airport of departure or destinations, as the case may be.

19. **"RATE"** means the amount per unit established by KAL for the purpose of computing freight charges. Such amount is established based on the weight (or volume) of cargo and is held out to the public through the publications KAL normally uses.
20. **"DECLARED VALUE FOR CARRIAGE"** means the value of cargo declared to KAL by the shipper for the purpose of fixing the limit of KAL's liability for loss, damage or delay to the cargo.
21. **"DAYS"** means full calendar days, including Sundays and legal holidays; provided that for the purpose of notification the balance of the day upon which notice is dispatched will not be counted, and when the last day falls on Sunday or a legal holiday, Such Sunday or legal holiday will not be counted.
22. **"TARIFFS"** means published rates, charges and related rules and regulations, which are made part of these Conditions of Carriage.
23. **"SDR"** means Special Drawing Rights as defined by the International Monetary Fund. Conversion of the S.D.R sum into a national currency shall be made as follows:
 - A. In the case as defined in Article 14-1 of these Conditions of Carriage, in the existence of 'shipper's declared value for carriage' on the face of the air Waybill, it shall be made at the exchange rate between the currency and SDR in effect on the date of issuance of the air waybill.
 - B. In the case as defined in Article 14-1 of these Conditions of Carriage, in the absence of 'shipper's declared value for carriage' on the face of the air waybill, it shall be made, in the case of judicial proceedings, at the exchange rate between the currency and SDR in effect on the date of the judgment. In case of other than judicial proceedings, it shall be made at the exchange rate between the currency and SDR in effect on the date when the damages to be paid is agreed upon.

ARTICLE 2. APPLICATION OF CONDITIONS OF CARRIAGE

1. General

Nothing in these Conditions of Carriage and other applicable tariffs modifies or waives any provisions of the Convention.

2. Applicability

These Conditions of Carriage shall apply to all carriage of cargo including all services incidental thereto performed by KAL except to the extent KAL's General Conditions of Carriage for Domestic cargo shall apply.

3. Gratuitous Carriage

With respect to gratuitous carriage, KAL reserves the right to exclude the application of all or any part of these Conditions of Carriage.

4. Charter Agreement

Carriage of cargo performed pursuant to a charter agreement with KAL shall be

preferably subject to such charter agreement, and any others not specifically provided in the charter agreement shall be subject to these Conditions of Carriage. The shipper, by accepting carriage pursuant to a charter agreement and a carriage is performed thereunder, shall be regarded as having agreed to said agreement and these Conditions of Carriage, whether or not he has concluded the charter agreement with KAL.

5. Change Without Notice

Except as may be required by applicable laws, government regulations, orders or requirements, these Conditions of Carriage and other applicable tariffs are subject to change without notice. However, no such change shall apply to the contract of carriage after the date of issuance of the Air Waybill.

6. Validity

All carriage of cargo shall be subject to these Conditions of Contract of Carriage and other applicable tariffs in effect on the date of issuance of the Air Waybill, whichever is applicable, provided that in the event of inconsistency between these conditions and other applicable tariffs, these conditions shall prevail.

ARTICLE 3. EXECUTION OF AIR WAYBILL

1. Execution by shipper

- A. The shipper shall make out, or have made out on his behalf, an Air Waybill in the form, manner and number of copies prescribed by KAL, and shall deliver such Air Waybill to KAL simultaneously with the acceptance of the cargo by KAL for carriage, and the Air Waybill can be provided in electronic form(e-Air Waybill) if KAL provides for such possibility. However, freight charges and/or service charges, insofar as they have been ascertained, will be inserted in the Air Waybill by KAL.
- B. KAL may require the shipper to make out, or have made out on his behalf, separate Air Waybills when there is more than one package or when all of the consignment cannot be carried in one aircraft or cannot, without breach of applicable laws, government regulations, orders, requirements or KAL's regulations, be carried on one Air Waybill.

2. Apparent Order of Cargo

If the apparent order and conditions of the cargo and/or packing is other than good, the shipper shall insert in the Air Waybill what the apparent order and condition is, and if the shipper fails to do so or if such statement is inaccurate, KAL may insert in the Air Waybill a statement of the apparent order and condition or note a correction thereon.

3. Preparation, Completion or Correction by KAL

KAL may at the request of the shipper, expressed or implied, make out the Air Waybill. In such event, subject to proof to the contrary, KAL shall be deemed to have done so on behalf of the shipper. If the Air Waybill handed over with the cargo does not contain all the required particulars, or if contains any error, KAL may complete or correct it to the best of KAL's ability without being under any obligation to do so.

4. Responsibility for Particulars and Statements

The shipper is responsible to KAL and all other persons for all damage arising out of irregularity, incorrectness or incompleteness of said particulars or statements which he inserts in the Air Waybill, or which KAL inserts on his behalf.

5. Alteration of Air Waybill

Air Waybill, on which the writing has been altered or erased by other than the carrier, need not be accepted by KAL.

ARTICLE 4. FREIGHT CHARGES AND/OR SERVICE CHARGES

1. Applicable Rates and Service Charges

- A. Rates and service charges governed by these Conditions of Carriage shall be those duly published by KAL and in effect on the date of issuance of the Air Waybill.
- B. When the amount collected does not correspond to the above duly published rates and service charges, KAL will refund the balance to, or collect from, the shipper or consignee, as the case may be.

2. Services not Included in Published Rates

Except as otherwise provided in applicable tariffs, published rates do not include following service charges;

- A. Charges for pick-up, delivery, and city terminal service to and from the airport from which KAL operates;
- B. Storage and warehouse charges;
- C. Insurance premium;
- D. Expenses incurred by KAL in clearing the cargo through customs, or incurred by any other person whether acting as agent for the shipper, the consignee, the owner of cargo, or KAL.
- E. Charges for penalties imposed or collected by government authority including duties and taxes;
- F. Expenses incurred by KAL in repairing faulty packing;
- G. Charges incurred by KAL in returning of consignment to point of origin;
- H. Any other similar service charges or costs.

3. Airport to Airport

Except as otherwise provided in applicable tariffs, published rates shall apply for carriage from airport of departure to airport of destination.

4. Precedence of Rates

Except as otherwise provided in applicable tariffs, a published through rate takes precedence over the combination of intermediate rates applicable between the same points via the same routings.

5. Basis of Freight Charges and/or Service Charges

- A. Freight Charges shall be based on the actual gross weight or volume weight, whichever is higher.
- B. To obtain the weights by using cubic measurements, measurements of 6,000 cubic centimeters equal one kilogram, measurements of 3,000 cubic centimeters or less equal a half kilogram and measurements exceeding 3,000 cubic

centimeters will be charge for as the next higher whole kilograms. Similarly, measurements of 366 cubic inches equal one kilogram, measurements of 183 cubic inches or less equal a half kilogram and measurements exceeding 183 cubic inches will be charged for as the next higher whole kilograms, and consignment the extreme dimensions of which result in an average of more than 166 cubic inches per pound shall be charged on the basis that each 166cubic inches equals one pound.

6. Quantity Reduction

When two or more rates subject to different minimum weight category are provided on the same cargo, the freight charges to be collected shall be either the amount computed on the weight shipped at the rate applicable to such weight or the amount computed on the next higher weight category for which a lower rate is provided at the rate applicable to such weight category, whichever is lower.

7. Disposition of Fractions

A. When the freight charges and/or service charges are reckoned respectively or the payment of aggregate sum of freight charges and/or service charges are made in a currency other than the currency in which the freight charges and/or service charges are stated on the Air Waybill, fraction amount will be increased or disposed to the next higher or lower unit in accordance with KAL's regulations.

When the aggregate sum of freight charges and/or service charges are converted into Korean currency WON, fraction amount less than WON 10 will be dropped.

- B. To obtain cubic dimensions, fraction of less than a half centimeter or a half inch shall be rounded half centimeter or a half inch shall be rounded up to the next higher whole centimeter, or to the next down to the next lower whole centimeter, or to the next lower whole inch, and fractions of more than a higher whole inch.
- C. In computing weights, fractions of a half kilogram or less shall be charged for as a half kilogram and fractions over a half kilogram shall be charged for as the next higher whole kilograms. Similarly, fractions of one pound shall be charged for as the next higher whole pound.
- D. Cubic measurements shall be based on the greatest rectangular dimensions of the package, and where the packages are tied together, cubic measurements will be based on the greatest rectangular dimensions of the tied group of packages. Greatest rectangular dimensions shall be based on the greatest length times greatest width times greatest height of the consignment.

8. Declaration of Value for Carriage

The shipper must make a declaration of value for carriage on the Air Waybill of all consignments regardless of whether or not the valuation charge is applicable, and such declaration of value for carriage may be in any amount or 'No Value Declared(NVD)' at his option.

9. Valuation Charge

- A. For the purpose of applying valuation charge, the value per kilogram must be determined by dividing the shipper's declared value for carriage by the actual gross weight of the consignment stated in the gross weight box of the Air Waybill.
- B. Consignment valued at more than 26 SDR per kilogram will be assessed valuation charge of 0.75% of the shipper's declared value for carriage

exceeding 26 SDR per kilogram.

10. Minimum Freight Charge

Except as otherwise provided in the applicable tariffs, a minimum freight charge per consignment as specified in the applicable tariffs will be assessed whenever a lower total freight charge is computed on the basis of the applicable rate and actual gross weight of the consignment.

11. Construction or Combination of Unpublished Rate and Service Charge

When the rate or service charge between any two points is not specifically published, such rate or service charge will be constructed or combined in accordance with the applicable tariffs.

12. Disbursement Fee

When so requested by the shipper, KAL will collect from the consignee an amount advanced by KAL, shipper or his agent as disbursements such as charges for storage, government duty or other fees, customs clearance, insurance premium and loading or unloading not performed by KAL.

13. Dangerous Goods Handling Fee

For transportation of dangerous goods as defined in the applicable Dangerous Goods Regulations, handling fee as provided in the applicable tariffs shall be applied in addition to applicable transportation charges.

14. Fee for Charges Collect

For consignment transported on a charges collect basis, a fee shall be assessed as provided by the applicable tariffs.

15. Terminal and Special Service Charges

Terminal and special service charges shall be assessed to the shipper or consignee named in the Air Waybill, as applicable, and will apply whenever such services are performed by KAL.

16. Air Waybill Preparation Fee

KAL collects Air Waybill Preparation Fee in case KAL issues or completes the Air Waybill on behalf of the shipper.

17. Priority Service and Special Cargo Charge

KAL may provide on an optional basis special rates/charges for international priority service or special handling service at the request of the shipper as evidenced by the Air Waybill, and premium charges may apply for priority or special cargo handling services.

ARTICLE 5. PAYMENT OF FREIGHT CHARGES AND/OR SERVICE CHARGES

1. All freight charges and/or service charges applicable to a consignment are payable in cash or other means of payment acceptable to KAL at the time of acceptance of the consignment by KAL in case of charges prepaid consignment, and at the time of delivery thereof by KAL in case of charges collect consignment. When the

payments of freight charges and/or service charges are made in a currency other than the currency in which the freight charges and/or service charges are stated on the Air Waybill, such payment shall be made in accordance with Paragraph 2 below. The current statement of exchange rate is available for inspection at KAL's office and nothing in those provisions modifies or waives any currency exchange laws or regulations.

2. The exchange rate established by KAL shall be applied in accordance with Subparagraph below:
 - A. In case of charges prepaid consignment, the exchange rate shall be in effect on the date of issuance of the Air Waybill; and
 - B. In case of charges collect consignment, the exchange rate shall be in effect on the date when the consignment arrives at the airport of destinations. However, in case of charges collect consignment arriving in Korea, the exchange rate shall be in effect on the date when the consignment arrives at the first arriving airport in Korea.
3. When payment of freight charges and/or service charges are made in Korea in WON, the applicable exchange rate shall be those set forth below:
 - A. Banker's telegraphic transfer selling rate shall be applied. In such case, the banker's telegraphic transfer selling rate announced on Monday shall be applied from Tuesday of the week through Monday of the following week. However, in case Monday is bank holiday, the exchange rate announced by the bank on the last business day of the previous week shall be applied from Tuesday of the week through Monday of the following week.
 - B. Notwithstanding Subparagraph A above, when the fluctuation difference of exchange rate is greater than 1% compared with previous day's applicable exchange rate, such new exchange rate shall be applied from the next day of its announcement for the remaining days of the same period as specified above.
4. Full applicable freight charges and/or service charges, whether prepaid or collect, fees, duties, taxes, expenses, advances and payments, incurred or to be incurred by KAL and other sums payable to KAL will be deemed fully earned, whether or not the cargo is lost or damaged, or fails to arrive at the airport of destination specified in the Air Waybill.
5. No claim for loss or damage to a consignment will be entertained until all freight charges and/or service charges whereon have been paid. However, when no part of the consignment is delivered, a claim with respect to such consignment will be entertained even though freight charges and/or service charges thereon are unpaid. The amount of claims may not be deducted from such freight charges and/or service charges.
6. With respect to any charges, expenses or disbursements which cannot be determined at the time when the cargo is handed over for carriage, KAL may require the shipper to deposit with KAL a sum estimated by KAL to be sufficient to cover such charges, expenses and disbursements. Any balance due from KAL to the shipper or from the shipper to KAL in connection with such deposit shall be paid after completion of such contract of carriage and determination of the exact amount of such charges, expenses and disbursements.
7. The shipper guarantees payment of all unpaid freight charges and/or service

charges and all expenditures, fines and penalties which KAL may incur or suffer by reason of Subparagraph below:

- A. The inclusion in the consignment of article, the carriage of which is prohibited by law;
 - B. Illegal, incorrect, or insufficient packing of packages, addressing or marking;
 - C. The absence of any export/import license or any required certificates or documents;
 - D. Any improper customs declaration; or
 - E. An incorrect statement of weight or volume.
8. Except prepaid by the shipper, the consignee, by taking delivery or exercising any rights arising out of the contract of carriage, shall agree to pay all such unpaid freight charges and/or service charges, expenditures, fines, penalties and advances. However, this shall not discharge the shipper's guarantee to pay the same. KAL shall have a lien on the cargo for each of the foregoing, and in the event of non-payment thereof, shall have the right to dispose of the cargo at public or private sale (provided that prior to such sale, KAL shall have informed to the shipper or the consignee named on the Air Waybill by ordinary methods), and to apply itself out of the proceeds of such sale any and all such amounts due. No such sale shall, however, discharge any liability to pay deficiencies for which the shipper and the consignee shall remain jointly and severally liable. No such lien or right of sale and no right of KAL to collect any of the foregoing shall be in anyway affected, lost or prejudiced by reason of the acknowledgement of payment, if not actually paid, or so far as concerns the right of KAL to collect any of foregoing, by reason of the delivery of the cargo or the surrender of the possession thereof.
9. If the actual gross weight, measurement, quantity or declared value for carriage of the cargo exceeds the actual gross weight, measurements, quantity or declared value for carriage on which freight charges and/or service charges for carriage have been previously computed, KAL shall be entitled to require payment of freight charges and/or service charges on such excess.

ARTICLE 6. ACCEPTANCE OF CARGO FOR CARRIGE

1. Limitation by Declared Value for Carriage

- A. No Consignment having a declared value for carriage in excess of US\$500,000.00 (or its equivalent) will be accepted by KAL for carriage unless advance arrangement therefor has been made.
- B. The limit of declared value for carriage of one consignment or group of consignments which is to be carried in one aircraft is US\$8,000,000.00 (or its equivalent). If the aggregate sum of declared value for carriage to be in the same aircraft without advance arrangement but may be divided between two or more aircraft solely at the discretion of KAL.

2. Packing and Marking of Cargo

- A. Cargo must be packed so as to insure safe carriage with ordinary care in handling and so as not to injure or damage any persons, aircraft, other cargo or property, and each package shall be legibly durably marked with the name and full street address of the shipper and consignee.
- B. No valuable cargo shall be accepted for carriage unless it is packed and sealed

in accordance with KAL's regulations.

3. Cargo not Acceptable

Except as otherwise provided in KAL's regulations, KAL undertakes to transport, subject to the availability of suitable equipment of the kind and type capable of handling and to the extent within the allowable cabin load of such aircraft, provided that no consignments listed below will be accepted for carriage:

- A. The transportation, exportation or importation thereof is prohibited by laws or regulations of any country to be flown to, from, through or over;
- B. They are not packed in a manner suitable for carriage by aircraft;
- C. They are not accompanied by the requisite shipping documents; or
- D. They are likely to endanger persons, aircraft, other cargo or property, or cause annoyance to passengers.

4. Cargo Acceptable only under Prescribed Conditions

- A. Dangerous goods, live animals, perishable cargo, human remains or articles possessing inherent characteristics which make them unsuitable for air carriage will only be accepted for carriage subject to the conditions provided in KAL's regulations.
- B. Consignments will be accepted for carriage by KAL either on a charges prepaid basis or charges collect basis. However, KAL will decline to transport following consignments on a charges collect basis:
 - (1) Consignments to persons restrained of their liberty;
 - (2) Consignments addressed to government agencies, except when shipped by government agents presenting proper credentials;
 - (3) Consignment not equal in resale value to freight charges and/or service charges thereon;
 - (4) Perishable cargo
 - (5) Consignments to countries where currency regulations or KAL's regulations do not permit consignments to be delivered upon a charges collect basis;
 - (6) Live animals; and
 - (7) Human remains.
- C. Consignments of unusual weight, shape or size will not be accepted for carriage unless advance arrangements have been made. Consignments requiring special devices for safe handling will be accepted by KAL for carriage only when such special devices are provided and operated by and at the cost of the shipper or consignee.
- D. Consignment with a floor-bearing weight per square unit in excess of the floor load limitations specified in KAL's regulations must be furnished with a suitable supporter or spreader for use in such aircraft, which will reduce the floor-bearing weight per square unit to such floor load limitations or less.

5. Responsibility for Non-observance of Conditions

Responsibility for non-observance of the conditions relating to cargo which is not acceptable for carriage or is acceptable only under prescribed conditions rests upon the shipper, and shipper shall indemnify KAL for any damage it may incur because of carriage of any such cargo.

6. Inspection of Cargo

The cargo is subject to being opened and the contents thereof inspected by KAL without being obligated to perform such inspection.

ARTICLE 7. CARRIAGE OF CONSIGNMENT

1. Compliance with Government Laws

- A. The shipper shall comply with all applicable laws, government regulations, orders or requirements of any country to be flown to, from, through or over which the cargo may be carried, including those relating to the packing, carriage, delivery of the cargo or other service and shall furnish such information and attach such documents to the Air Waybill as may be necessary to comply with such applicable laws, government regulations, orders or requirements. KAL shall not be obligated to inquire into the correctness or sufficiency of such information or documents. KAL will not be liable to the shipper, consignee or any other person for damage due to shipper's failure to comply with this provision.
- B. No liability shall attach to KAL for refusing to carry any consignment if KAL reasonably determines in good faith that such refusal is required by any applicable laws, government regulations, orders or requirements.
- C. The shipper must recognize its obligation to observe the trade sanctions laws and regulations enforced by the major countries including the United Nations, the European Union, the United States, and other jurisdictions (collectively, "Trade Sanctions Laws and Regulations"). Also, the shipper must comply with any applicable Trade Sanctions Laws and Regulations when the shipper performs its sales and handling of air cargo transportation under this General Conditions of Carriage.

The shipper must indemnify and hold harmless KAL from liability and damage related to the shipper's violation of the Trade Sanction Laws and Regulations, including but not limited to, any loss, expense, damage, third-party claims, responsibility, and legal disposition; and the shipper shall pro-actively cooperate with appropriate measures taken by KAL in order to comply with the Trade Sanctions Laws and Regulations.

2. Disbursements and Customs Formalities

KAL will, but shall be under no obligation to, advance any duties, taxes or expenditures with respect to the carriage of cargo. In such case, the shipper and consignee shall be jointly and severally liable for the reimbursement thereof. KAL shall be under no obligation to incur any expense or to make any advance in connection with the forwarding or reforwarding of the cargo except against prepayment by the shipper. If it is necessary to make customs entry of the cargo at any stopping place, and if no customs consignee be named in the Air Waybill, the cargo shall be considered to be consigned at such place to customs consignee designated by KAL. For any such purpose a copy of the Air Waybill certified by KAL shall be deemed an original.

3. Certain Rights of KAL over the Consignment in Course of Carriage

If it is necessary to hold the consignment at any place for any purpose, either before, during or after transit, KAL will, upon giving notice thereof to the shipper or consignee at the address stated in the Air Waybill, store the consignment or any one of them in warehouse or other available place, or deliver the consignment to another transportation service for onward carriage to the consignee. In such event, the shipper and consignee shall be jointly and severally liable to indemnify KAL against any expense or risk so incurred.

4. Schedules, Routings and Cancellations

- A. Schedules or routings shown in timetable or elsewhere are approximate and not guaranteed by KAL and form no part of the contract of carriage. No time is fixed for the commencement or completion of carriage or delivery of cargo, and KAL may without notice substitute alternative carriers or aircraft. KAL assumes no obligation to carry the cargo by any special aircraft or over any particular route, or to make connection at any point according to any particular schedule and KAL may select or deviate from the routes of consignment, notwithstanding that the same may be stated on the face of the Air Waybill. KAL will not be responsible for errors or omissions either in timetable or elsewhere. No agent, employee or representative of KAL is authorized to bind KAL by any statements or representations as to the dates or times of departure or arrival, or of the operation of any flight.
- B. KAL undertakes to complete the carriage hereunder with reasonable dispatch as usually expected.
- C. KAL reserves the right without notice, to cancel, terminate, divert, postpone or delay, any flight, or the further right of carriage of any cargo, or to proceed with any flight without all or any part of the cargo, if it considers that it would be advisable to do so;
- (1) Because of circumstances beyond KAL's control (including, but not limited to, meteorological conditions, act of God, force majeure, strikes, riots, civil commotions, embargoes, war or warlike action, hostilities, disturbances, or unsettled international conditions) actual, threatened, or reported because of any delay, demand, conditions, circumstance or requirement due, directly or indirectly, to such facts;
 - (2) Because of any fact not to be foreseen, anticipated or predicted;
 - (3) Because of any applicable laws, government regulations, orders or requirements; or
 - (4) Because of shortage of labor, fuel or facilities, or labor difficulties of KAL or others.
- D. KAL may cancel the carriage of cargo upon refusal of the shipper, after demand by KAL, to pay the amounts or portion thereof so demanded. In such case, KAL shall not be under any liability for such cancellation of carriage.
- E. In accordance with the reasons in Subparagraph C above, if any flight is so cancelled, postponed, advanced or terminated at a place other than the place destination, KAL shall not be under any liability with respect thereto. In accordance with the reasons in Subparagraph C above, if the carriage of the consignment or any part thereof is so terminated, delivery thereof by KAL to any transfer agent for transfer or delivery or the placing of such consignment in storage shall be deemed complete delivery under the Air Waybill, and KAL shall be without any further liability with respect thereto, except to give notice of the disposition of the consignment to the shipper or the consignee, at the address stated in the Air Waybill. In accordance with the reasons in Subparagraph C above, if the carriage of the consignment or any part thereof is so terminated, KAL may, but shall not be obliged to, forward the consignment for carriage by any other route at the request of shipper or consignee, or forward the consignment for carriage by any other means of transportation as agent of shipper or consignee.
- F. Subject to applicable laws, government regulations, orders or requirements, KAL is authorized to determine, on a reasonable and not unjustly discriminatory basis, the priority of carriage as between consignments, and as between consignments and other cargo, mail and passengers, and to decide which articles shall be

carried and which articles shall not be carried or shall be removed at any time or place whatsoever and to proceed with any flight without all or any part of them. If as a result of determining such priority, cargo is not carried or carriage thereof is postponed or delayed or if any articles are removed from a consignment, KAL will not be liable to shipper or consignee or to any other part for any consequences therefore.

ARTICLE 8. SHIPPER'S RIGHT OF DISPOSITION

1. Exercise of Right of Disposition

Every exercise of right of disposition of the consignment must be made by the shipper or his designated agent, if any, and must be applicable to the whole shipment under a single Air Waybill. The right of disposition over the cargo may only be exercised if the shipper or his designated agent produces the part of the Air Waybill which was delivered to him. Instructions as to disposition must be given to KAL in writing in the methods prescribed by KAL. In the event that exercise of the right of disposition results in a change of consignee, such new consignee shall be deemed to be the consignee appearing on the original Air Waybill.

2. Shipper's Option

Subject to his liability to carry out all his obligations under the contract of carriage and provided that such right of disposition is not exercised in such way as to prejudice KAL or other shippers, the shipper may exercise his right of disposition over the cargo as provided below:

- A. Withdrawing it at the airport of departure or of destination;
- B. Stopping it in the course of the journey on any landing;
- C. Calling for it to be delivered at the place of destination or in the course of the journey to a person other than the consignee named in the air waybill: or
- D. Requiring it to be returned to the airport of departure.

3. Payment of Expenses

The shipper shall be liable for and shall indemnify KAL for all damage suffered or incurred by KAL as a result of the exercise of his right of disposition.

4. KAL's Inability to Comply

Notwithstanding the provision of Paragraph 1 above, KAL reserves the right to refuse such execution of shipper's right of disposition, if in the opinion of KAL it is not practicable to carry out such instruction of the shipper. In such event, KAL shall so inform him promptly, and the cost of doing so attaches to the freight charges and/or service charges of such consignment.

5. Extent of Shipper's Right

The shipper's right of disposition shall cease at the moment when, after arrival of the cargo at the airport of destination, the consignee takes possession or requests delivery of the cargo, or otherwise shows his acceptance of the cargo. Nevertheless, if the consignee declines to accept the Air Waybill or the cargo, or if he cannot be communicated with, such right of disposition shall be deemed to be continuously vested in the shipper.

ARTICLE 9. DELIVERY OF CONSIGNMENT

1. Arrival Notice

Unless the consignment is to be reforwarded in accordance with Article 11, arrival notice of the consignment will, in the absence of shipper's instructions, be sent to the consignee by ordinary methods. However, if a person to be notified is named on the Air Waybill, such arrival notice of the consignee will be sent to such person. KAL is not liable for non- receipt or delay in receipt of such notice.

2. Delivery to Consignee

Except as otherwise specifically provided in the Air Waybill, delivery of the consignment will be made only to the consignee. However, if a person to be notified is specifically indicated on the Air Waybill, delivery to the consignee shall be considered to have been effected when arrival notice has been made in advance in accordance with Paragraph 1 above, and the consignment has been delivered to Such person indicated on the Air Waybill as the person to be notified. Delivery to the consignee shall also be considered to have been effected:

When the consignment has been delivered to bonded warehouse or bonded shipping agent as designated by the consignee or the person to be notified or his agent; and when the consignment has been delivered to bonded warehouse or bonded shipping agent as required by applicable law or customs regulation.

3. Place of Delivery

Consignee must accept delivery of and collect the consignment at the airport of destination unless advance arrangement has been made between shipper or consignee and KAL.

4. Failure of Consignee to Take Delivery

A. Subject to the Subparagraph B below, if the consignee refuses or fails to take delivery of the consignment after its arrival at the place of delivery, KAL will endeavor to comply with any instructions of the shipper set forth on the Air Waybill. If no such instructions are so set forth, or if such instructions cannot be reasonably complied with, KAL, after forwarding to the shipper notice of the failure of the consignee to take delivery, must take an action as mentioned below:

(1) Returning the consignment on its own service or on any other transportation means to the airport of departure, there to await instructions of the shipper; provided, however, that conditions for such returning shall be made subject to original conditions unless otherwise specified; or

(2) Selling such consignment in one or more lots at public or private sale after holding the consignment for a period of not less than 30days.

B. The shipper is liable for all expenses resulting from or in connection with the failure to take delivery of the consignment. Such expenses include, but not limited to, freight charges and/or service charges incurred in returning the consignment. If the consignment is returned to the airport of departure and the shipper refuses to make such payments or neglects to make such payments within 15 days after such return, KAL may dispose of the consignment or any part thereof at public or private sale after giving the shipper at the address stated on the Air Waybill 10 days' notice of the intention to do so.

C. In the event of the sale of the consignment as provided in Subparagraph B above, either at the place of destination or at the place to which the

consignment has been returned, KAL is authorized to pay to itself and other transportation means out of the proceeds of such sale all advance, expenses and costs of sale, holding any surplus subject to the order of the shipper. The sale of any consignment shall, however, not discharge the shipper's liability hereunder to pay any deficiencies due to KAL.

5. Disposal of Perishables

When a perishable cargo is delayed in the possession of KAL, is unclaimed or is refused at the airport of destination, or for other reasons is threatened with deterioration, KAL may immediately take such steps necessary for the protection of itself and other parties in interest. Such steps include, but not limited to, the destruction or abandonment of all or any part of the consignment, the sending of communications for instructions at the cost of the shipper, the storage of the consignment or any consignment or any part thereof at public or private sale without notice, and such disposition of the consignment shall not discharge the shipper's liability to pay any amounts due to KAL.

ARTICLE 10. CARGO ATTENDANTS

KAL, in consideration of the nature of the consignment involved or so as to ensure safety to persons, aircraft, other cargo or property, may request the shipper to arrange cargo attendants for the purpose of accompanying such consignment. Except as otherwise provided in KAL's regulations, such transportation of cargo attendants will be subject to KAL's general Conditions of Carriage for International Passengers and Baggage.

ARTICLE 11. PICK-UP, DELIVERY AND CITY TERMINAL SERVICE

1. The consignments are accepted for carriage from their receipt at KAL's cargo terminal or airport office at the airport of departure to the airport at the place of destination.
2. If KAL performs pick-up, delivery and city terminal service upon request of the shipper or consignee, such service shall be performed subject to:
 - A. Pick-up, delivery and city terminal service will be available at the places and subject to the charges and conditions established by KAL's regulations;
 - B. If such transportation is operated by KAL itself, it shall be upon the same terms and limitations as set forth in Article 14 of these Conditions of Carriage;
 - C. Pick-up, delivery and city terminal service will not be provided by KAL for any shipment which, in the opinion of KAL, because of its volume, nature or value is impractical for KAL to handle in normal course.
3. KAL may, however, for the account and as an agent of the shipper or the consignee, the case may be, and without being responsible itself, charge other transportation service with such transportation. In such case, KAL shall not be liable for damage of whatsoever nature arising in connection with such transportation, unless it has been caused by his own negligence or willful fault. If KAL engages other transportation service, the shipper or consignee will authorize KAL to do all

things deemed advisable to effect such transportation, including, but without limitation, selection of the means and routes thereof, execution and acceptance of necessary transportation documents (which may include provisions exempting from, or limiting KAL's liability), and consigning of cargo with 'No Value Declared (NVD)' notwithstanding any amount of declaration of value on the Air Waybill.

ARTICLE 12. SUCCESSIVE CARRIERS

Carriage to be performed under one Air Waybill by several successive carriers is regarded as a single operation.

ARTICLE 13. APPLICABLE CONVENTION, LAWS AND PROVISIONS

1. Applicable Convention

- A. International carriage as defined by the Warsaw Convention is subject to the rules and limitation relating to liability established by the Warsaw Convention and international carriage as defined by the Warsaw Convention as amended at the Hague, 1955, is subject to the rules and limitation relating to liability established by the Warsaw Convention as amended at the Hague, 1955. International carriage as defined by the Montreal Convention is subject to the rules and limitation relating to liability established by the Montreal Convention.
- B. International carriage other than that defined by the Convention is subject to the Conditions of Carriage of Korean Air.

2. Applicable Laws and Provisions

To the extent not in conflict with provisions of Paragraph 1 above, all carriage and other service performed by KAL are subject to:

- A. Applicable law (including national laws implementing the Convention or extending the rules of the Convention to the International carriage other than that defined by the Convention), government regulations, orders or requirements; and
- B. These Conditions of Carriage, applicable tariffs and other regulations, which may be inspected at any of KAL's offices and at airports from which KAL's offices and at Airport from which KAL operates regular services.

ARTICLE 14. KAL'S LIABILITY

1. Limit of Liability

- A. In the event the value of cargo exceeds 26 SDR per kilogram when the cargo is accepted by KAL for carriage, the shipper may pay valuation charge after declaring the value of cargo on the Air Waybill. Unless the shipper paid valuation charge pursuant to Article 4, Paragraph 9 above, the shipper shall not argue that the shipper had no opportunity to declare the value of cargo.
- B. With respect to damage to the cargo for which the value was declared on the Air Waybill and the valuation charge was paid, the liability of KAL shall be limited to the actual damages to the cargo, but in no event shall the liability of KAL exceed the declared value of cargo as stated on the Air Waybill.
- C. In the case of a carriage subject to the Montreal Convention, the liability of KAL with respect to destruction, loss, or delay of, or damage to the cargo for which

"No Value Declared (NVD)" is entered on its Air Waybill shall be limited to the actual damages to the cargo, but in no event shall the liability of KAL exceed 26 SDR per kilogram of the cargo.

- D. Except as provided in the Subparagraph C above, the liability of KAL with respect to destruction, loss, or delay of, or damage to the cargo for which "No Value Declared (NVD)" is entered on its Air Waybill shall be limited to the actual damages to the cargo, but in no event shall the liability of KAL exceed 26 SDR per kilogram of the cargo pursuant to the limitation of liability under the Convention applicable to the carriage. In case of the carriage to which no Convention is applicable, the liability of KAL shall not exceed 26 SDR per kilogram of the cargo; provided, however, that such limitation of liability shall not apply if it is proven that such damage resulted from an act or omission of KAL, KAL's servants or agents (who are proven to be acting within the scope of KAL's employment), done with intent to cause damage or recklessly and with the knowledge that damage would probably result.
- E. The actual value of damage must be proved by the shipper or consignee.

2. Limitation of Liability

- A. KAL is liable to the shipper, consignee or any other person for damage sustained in the event of destruction or loss of, or damage to, or delay in the carriage of, cargo only if the occurrence which caused the damage so sustained took place during the carriage as defined under ARTICLE 1.
- B. Except as may be otherwise provided by in any Convention applicable to the carriage, KAL is not liable to the shipper, consignee or any other persons for any damage of whatsoever nature arising out of, or in connection with the carriage of the cargo or other service performed by KAL incidental thereto, unless such damage is proved to have been caused by the negligence or willful fault of KAL and there has been no contributory negligence on the part of the shipper or consignee.
- C. KAL is not liable for any damage directly or indirectly arising out of compliance with applicable laws, government regulations, orders or requirements, or from failure of the shipper, consignee or any other person to comply with the same, or out of any cause beyond KAL's control.
- D. In case of damage of a consignment, the weight to be taken into account in determining KAL's limit of liability shall be only the weight of package or packages damaged. Nevertheless, if such damage of part of consignment affects the value of other packages carried under the same Air Waybill, total weight of such packages shall also be taken into account. Notwithstanding the above, for transportation to, or from USA, in case of damage or part thereof, the weight to be used in determining KAL's limit of liability shall be the weight which is used (or proportional share in the case of partial loss, damage or delay) to determine the freight charges of such consignment.
- E. KAL shall not be liable under any circumstances for destruction, loss of or damage to cargo, if such destruction, loss of or damage to cargo is proved to have resulted solely from the inherent defect, quality, nature or vice of that cargo. Shipper and consignee whose consignment caused damage to persons, aircraft, other cargo or property shall indemnify KAL for all losses and expenses incurred by KAL as a result thereof. Cargo which is likely to endanger persons, aircraft, other cargo or property may be abandoned or destroyed by KAL at any time without notice and without liability therefore attaching to KAL.
- F. If the damage was caused or contributed to by the negligence or other wrongful act or omission of the person claiming compensation, or the person from whom

- he derives his right, KAL shall be wholly or partly exonerated from liability to the claimant to the extent that such negligence or wrongful act or omission caused or contributed to the damage.
- G. No warranty concerning airworthiness of any aircraft engaged in the carriage or its fitness for the carriage of the cargo to which the contract relates is implied in the contract of carriage.
- H. When KAL issues an Air Waybill for carriage over the lines of another carrier, KAL does so only as the agent of such carrier. KAL shall not be liable for the loss damage, or delay of cargo not occurring it's on-line. Nevertheless, when KAL is a first carrier or last carrier under the agreement to carry, shipper or consignee shall have a right of action against KAL for loss, damage or delay of the cargo.
- I. KAL shall not be liable for any loss, damage or expense arising from death due to natural causes or death or injury of any animal caused by the conduct or acts of the animal itself or of other animals, such as biting, kicking, goring or smothering, nor for that caused or contributed to by the conditions, nature or propensities of the animals.
- J. Consignments, the contents of which are liable to deteriorate or perish due to change in climate, temperature, altitude, ordinary exposure or because of length of time in transit, will be accepted for carriage without responsibility on the part of KAL for loss or damage due to such deterioration or perishability.
- K. KAL shall not be liable in any event for any consequential or special damage arising from carriage subject to these Conditions of Carriage, whether or not KAL had knowledge that such damage might be incurred.
- L. Whenever the liability of KAL is excluded or limited under these Conditions of Carriage, such exclusion or limitation shall apply to agents, servants or representatives of KAL acting within the scope of their employment, any person whose aircraft or other means transportation is used by KAL and such person's agents, servants and representatives. The aggregate amount recoverable from KAL and from such agents, servants, representatives, and person shall not exceed the amount of KAL's limit of liability.
- M. In no event will KAL be liable for death or injury to a cargo attendant caused by or contributed to the condition, conduct, propensities of the animals or condition of any other cargo.
- N. In the carriage of cargo, any action for damages, however founded, whether in contract or in tort or otherwise, can only be brought subject to the conditions and limits set out in the Convention. However, the Convention shall not affect in determining the persons who have the right to bring suit and what are their respective rights.

ARTICLE 15. TIME LIMITATIONS ON CLAIMS

1. Receipt by the person entitled to delivery of the cargo without complaint is prima facie evidence that the cargo has been delivered in good condition and in accordance with the contract of carriage.
2. No action shall be maintained in the case of loss, damage or delay to cargo unless a complaint is made to Carrier in writing by the person entitled to delivery, sufficiently describing the details of claim, within the time set forth below:
 - A. In the case of damage to or partial loss of the consignment, immediately after its discovery and at the latest within 14 days from the date of receipt of the consignment;

- B. In the case of delay, within 21 days from the date on which the consignment has been placed at the disposal of the person entitled to delivery;
- C. In the case of non-delivery including total loss of the consignment, within 120 days from the date of issuance of the Air Waybill; and
- D. In the case of all claims other than those provided in Subparagraphs above except any claim relating to personal injury or death, within 270 days from the date of issuance of the Air Waybill.

ARTICLE 16. TIME LIMITATIONS ON ACTIONS

Any right of damage against KAL shall be extinguished unless an action is brought within 2 years, reckoned from the date of arrival at the airport of destination, or from the date on which the aircraft ought to have arrived, or from the date on which the transportation stopped.

ARTICLE 17. OVERRIDING LAW

Insofar as any provision contained or referred to in these Conditions of Carriage, Air Waybill or other applicable tariffs, may be contrary to applicable laws, government regulations, orders or requirements such provision shall remain in effect to the extent that it is not overridden thereby, and the invalidity of any provision shall not affect any other part.

ARTICLE 18. MODIFICATION AND WAIVER

No agents, servants or representatives of KAL have authority to alter, modify or waive any provision of these Conditions of Carriage, the contract of carriage or other applicable tariffs.

ARTICLE 19. ORIGINAL COPY OF CONDITION OF CARRIAGE

These Conditions of Carriage may be published in English, and in the event of any inconsistency or conflict between Korean text and English text, the former shall prevail.

Name of Carrier: KOREAN AIR LINES Co., Ltd.

Abbreviation of Name: KAL