

# General Terms and Conditions of Business of the DG Flugzeugbau Company

## § 1 Application of the Conditions

Our deliveries, services and offers as regards consumers are based on these General Terms and Conditions of Business. „Consumer“ (hereinafter „Purchaser“) is any natural person, who concludes legal transaction for a purpose, which cannot be attributed either to his existing commercial or independent professional activity, or to such activity to which he aspires. These General Terms and Conditions of Business apply to all present and future business relations. These Conditions are deemed to have been accepted at the latest on acceptance of the goods or service. Divergent, conflicting or supplementary General Terms and Conditions of Business are not a component of the contract, even where knowledge of these exists, unless their application has been expressly agreed in writing. In the case of business relations with companies and associations diverging regulations may be agreed. Unless this is the case, the following General Terms and Conditions of Business shall apply.

## § 2 Conclusion of contract

Our offers are subject to confirmation. Technical modifications and modification in form, colour and/or weight are reserved within reasonable limits. By ordering the goods the purchaser makes a binding declaration that he wishes to acquire the goods ordered. We are entitled to accept the contractual offer contained in the order within two weeks of receiving it. Acceptance must be made in writing (or in textual form). The same shall apply to additions, amendments and collateral agreements. If the purchaser orders goods by electronic means, we shall confirm receipt of the order without delay, whereby this confirmation of receipt does not represent any binding acceptance of the order. In the case of such an order by electronic means the contractual text shall be stored by us and sent by e-mail to the purchaser on request together with the present GTC. The contract is concluded subject to correct and timely delivery by our own suppliers. This applies solely in the event that failure to deliver cannot be attributed to us, in particular in the case of conclusion of a competing covering transaction with our sub-contracting supplier. The customer shall be notified without delay of the non-availability of the services. Consideration, which has already been provided, shall be immediately reimbursed.

## § 3 Prices

The gross prices quoted in our declaration of acceptance are definitive. Unless otherwise agreed, prices are understood to be ex manufacturer's works. In the case of sale by delivery to a place other than the place of performance an additional flat-rate sale by despatch payment shall be due in a commensurate or proven amount. In the case of delivery subsequent to the expiry of four months from conclusion of the contract an adjustment of the purchase price remains reserved.

## § 4 Payment terms

Our invoices are payable immediately on receipt without deductions. In the event of non-payment within two weeks of invoice date the purchaser shall fall into arrears of payment, without any requirement for a demand for payment. During the period of arrears of payment the purchaser must pay interest on the debt in the amount of 5% above base interest rate. We are entitled, in the first instance, to offset earlier debts. If costs and interest have been generated, we may in the first instance offset payments against the costs, then against the interest and finally against the principal payment. In addition, the following applies to the delivery/supply of aircraft: Advance payments made are interest-free, the payment of the balance must be made on receipt without deductions. If the customer fails to collect or pay for an aircraft signalled as ready within 10 days, we invoice storage and arrears charges of 25.00 Euros per calendar day. Payment is deemed to have been made only when the amount is at our disposal, in the case of cheques not until they have been cashed, in the case of bills of exchange on discounting. If it becomes apparent subsequent to the conclusion of the contract that our claim to the consideration is jeopardised in whole or in part by lack of efficiency on the part of the purchaser, in particular where the purchaser fails to fulfil his payment obligations, ceases payment or circumstances become known to us, which call into question the purchaser's creditworthiness, we shall be entitled to require immediate payment of the entire residual debt, even where we have accepted cheques or bills of exchange. We are further entitled to demand advance payments or collateral securities within a reasonable deadline. The purchaser shall have a right to offset only where his counter-claims have been established as enforceable by law or have been acknowledged by us. The purchaser may exercise a right of retention only when his counter-claim relies on the same contractual relationship. In the case where failure of a concluded contract is caused by the purchaser the costs incurred to that date (including the „lost profit margin“) must be paid by the purchaser. If the advance payment for an aircraft is not made within 30 days of despatch of the order confirmation, the claim to delivery of the works number confirmed shall lapse. Instead, an aircraft with a later works number may be supplied. Repairs, supplies of replacement parts and material are usually performed against collection and payment in cash. In the case of sale by despatch an appropriate advance payment may be required.

## § 5 Retention of title

We reserve title in our goods until payment in full of all claims and liabilities, which are due to us against the purchaser now or in the future. The purchaser is obliged to handle the goods subject to the retention of title with care. If maintenance and inspection work is required, the purchaser must routinely perform this at his own costs. The processing and handling by the purchaser of the goods subject to the retention of title shall always be performed on our behalf and on our instructions. If the goods are processed using objects, which are not our property, we shall acquire joint title in the new object in proportion to the value of the goods supplied by us to the otherwise processed objects. The same shall apply, if the goods subject to the retention of title are mingled with objects, which are not our property. The purchaser is obliged to notify us immediately of any access by third parties to the goods subject to the retention of title, for example in the case of distraint or any damage or destruction of the goods subject to the retention of title. The purchaser must notify to us without delay any change of ownership in the goods subject to the retention of title, as well as of any change in his residence. In the case of access by third parties to the goods subject to the retention of title the purchaser must advert to our title in the property. We are entitled, in the case of conduct by the purchaser, which is contrary to the contract, or in the case of breach of a duty in accordance with Section 3 of these Conditions to withdraw from the contract and to reclaim the goods.

## § 6 Performance and passing of risk

The deadlines and periods specified by us are without obligation, unless otherwise expressly agreed in writing in the order confirmation. The delivery period begins with the despatch of the order confirmation. If the purchaser is required to procure permits, approvals or other documents or if he is required to make an advance payment, the delivery payment shall not begin prior to the fulfillment of these obligations by the purchaser. The delivery period is complied with, if the goods sold have left the works by its expiry or readiness for despatch has been notified. We are entitled to make part deliveries and to perform partial services, insofar as this is reasonable for the purchaser. The risk of accidental destruction and accidental deterioration of the goods purchased also passes in the case of sale by despatch only on transfer of the goods to the purchaser. Transfer is deemed to have occurred, where the purchaser is in default of acceptance. If the purchaser so requests, the goods sold may be insured at his costs against theft, breakage, transport, fire and water damage, as well as against other risks. In the case of collection by the purchaser, the purchaser must check that loading is free of faults. If loading defects are not immediately complained of, any damage incurred during or by virtue of the transportation shall be deemed to have been caused by the purchaser.

## § 7 Liability for defects

On the purchase of a new aircraft the purchaser and vendor conclude a stand-alone warranty contract. This supplements the statutory regulations and replaces the following provision on liability for defects.

Otherwise the following applies:

Provided that specific properties and conditions of the purchased item have not been agreed, we are liable only for the fact that the purchased item is fit for the use presumed under the contract. In the absence of such an intended purpose we are liable only for the fact that the purchased item/goods are fit for normal use and show the properties and condition usually present in and expected of objects of the same kind. If a defect exists in the purchased item, the purchaser may, with due regard to our economic interests and within reasonable limits, require the remedying of the defect or the delivery of defect-free items. Since we are entitled to refuse the nature of supplementary performance selected, if it is possible only with disproportionate costs, we offer to exchange the defective goods, if their value does not exceed 1,000.00 Euros and otherwise to remedy the defect within a reasonable period. A supplementary performance period of (20) working days is deemed to be reasonable. If such supplementary performance is not reasonable in terms of cost-effectiveness, supplementary performance is carried out by replacement. If supplementary performance fails, the purchaser may, as a matter of principle, at his discretion reduce the price or withdraw from the contract. The purchaser, however, has no right of withdrawal in the case of a solely insignificant infringement of the contract, in particular in the case of defects solely affecting the material. The purchaser must notify us in writing of obvious defects or deficiencies without delay, at the latest within a period of 10 days from the time at which he ascertained that the goods were in a condition contrary to the contract. The receipt by us of this notification is definitive for the observation of this period. If this notification is omitted, the goods shall be deemed to have been accepted, unless we have fraudulently concealed the defect. The purchaser must prove the time of discovery of the defect. If the purchaser wishes to assert claims arising from inaccurate manufacturer's statements, he must prove that he was induced to purchase the item by the inaccurate statements. An increase in liability or a particular obligation to assume liabilities by issuing a guarantee or warranty comes into existence only when the terms, „guarantee“ or „warranty“ have been expressly used in writing. In the case of consumers claims arising from defects become subject to the statute of limitations within two years from delivery of the purchased item. In the case of pre-owned items the statute of limitations is one year from delivery of the goods. Otherwise the statute of limitations for claims and rights arising from defects in services or supplies is one year from transfer, irrespective of the cause in law.

## § 8 Limitation of liability

In the event of slightly negligent breaches of duty our liability is limited to the average direct, foreseeable loss, in accordance with the nature of the goods and typical of the contract. This shall apply also in the event of slightly negligent breaches of duty by our legal representatives and vicarious agents. The foregoing limitation of liability does not apply to claims by the purchaser arising from product liability. Furthermore, the limitation on liability does not apply to injury to limb and health attributable to us or in the event of the loss of the purchaser's life.

## § 9 Final clauses

The law of the Federal Republic of Germany applies to the legal relationship between vendor and purchaser. The provisions of the UN Convention on Contracts for the International Sale of Goods do not apply. If the purchaser has no place of general jurisdiction in Germany or his domicile or normal place of residence is unknown at the time of bringing an action, the sole Court of jurisdiction for all disputes arising from this contract is our registered office. Should individual provisions in the contract with the purchaser including these General Terms and Conditions of Business be or become invalid in whole or in part, the validity of the remaining provisions shall remain unaffected. The provision, which is invalid in whole or in part, shall be replaced by a provision, which comes closest in law to the commercial purpose of the invalid provision. Our registered office is the sole place of performance for both parties.

Bruchsal, in June 2016  
DG Flugzeugbau GmbH