

General Terms & Conditions of Purchase (hereinafter referred to as "GTC" only)

issued by AERO Vodochody a.s., established under the laws of the Czech Republic, with its registered office at Odolena Voda, Dolinek, U Letiště 374, Zip Code 250 70, Czech Republic, Identification No.: 00010545, Tax Identification No.: CZ00010545, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Entry 449

for the area of purchase

I. DEFINITIONS

For the purpose of the GTC, the term

- a) „Purchaser” – means AERO Vodochody a.s., with business activities in the area of aerospace industry, i.e. the development, manufacture and sale of aircraft or aircraft-dedicated parts, technologies and services;
- b) „GTC” – these General Terms & Conditions specified in a Purchase Order;
- c) „Contract” – a manifestation of the will of either Contractual Party made usually in a written form on the basis of which the Seller undertakes to deliver Goods to the Purchaser and transfer to the latter the ownership title to the Goods and the Purchaser undertakes to pay the Purchase Price to the Seller;
- d) „Goods” – a newly manufactured movable article which a Contract or a Purchase Order specifies either individually or as to its quantity, quality and type;
- e) „Seller” – each individual/entity which entered into a Contract with the Purchaser ;
- f) „Purchase Price” – a fixed and final amount of money in consideration of the Goods for which the Seller transfers to the Purchaser the ownership title excluded banking fees (each Contractual Party hereto shall cover its banking fees);
- g) „Purchase Order” – a proposal made in writing by the Purchaser with the aim to conclude a Contract under item (c) herein; such Purchase Order shall as a minimum specify the subject matter under contract, its price, place and time of Contract performance;
- h) „Contractual Parties” – collectively the Purchaser and the Seller according to the Contract and these GTC;
- i) „Electronic Delivery” – the delivery of a manifestation of the will of one Contractual Party to the other Contractual Party in electronic form (e-mail), provided that inseparable part of such e-mail is a scanned version of a written manifestation of the will of the Contractual Party signed by a person authorized to act on behalf of the Contractual Party;
- j) „Cases Worth of Special Attention” – cases determined and specified by the Purchaser on a case-by-case basis and caused primarily by reasons of time and/or logistics changes constraints;
- k) „Delivery Terms” – specific terms for the delivery of the Goods specified in a Contract or a Purchase Order per international standards INCOTERMS 2000 issued by the International Chamber of Commerce (ICC) in Paris;
- l) „Defective Goods” – are the Goods which:
 - Fail to meet the Goods specifications given in the relevant Contract or Purchase Order and/or quality criteria prescribed by relevant quality standards and/or
 - Display obvious or concealed defects, and/or
 - Display legal defects.

II. INTRODUCTORY PROVISIONS

1. In case of any discrepancies between a provision or provisions of the Contract and the GTC, the provisions of the Contract shall prevail, provided the Contract has been concluded in writing or in any other manner excluding doubts concerning possibility that the joint will of the Purchaser and the Seller was to deviate from the wording of the GTC.
2. Every party which has concluded a Contract in writing or tacitly by delivering the Goods requested on the basis of a Purchase Order and if such a Contract or Purchase Order has a reference to the GTC, shall be deemed to have accepted the entire GTC.

III. PURCHASE ORDER

1. The Purchase Order includes information that the Purchaser deems essential in relation to a Contract the Purchaser intends to conclude. The Purchaser shall deliver such Purchase Order to the Seller by mail, e-mail or fax. After receiving the Purchase Order, the Seller shall confirm it within the period specified therein or, within fifteen (15) calendar days if no such period is specified (hereinafter referred to as "Purchase Order Acceptance Period") in any of the manner mentioned hereinabove. The Seller shall use the form of the Purchase Order Confirmation submitted together with the Purchase Order.
2. In cases worth of special attention, the Purchaser may place a Purchase Order even by phone. However, in such cases the Purchase Order must be confirmed by fax or e-mail within fifteen (15) calendar days. If the Purchaser fails to do so, such Purchase Order placed by phone will not be taken into account and will not be accepted.
3. If the Seller deems the information given in a Purchase Order vague, unclear or insufficient to determine the contents of the intended Contract, the same shall promptly notify the Purchaser to this effect specifying the information missing in the Purchase Order. The Purchaser shall then promptly amend the Purchase Order. If the Seller fails to request the Purchaser to amend the Purchase Order, the same shall be responsible for the Goods delivered thereunder should it be proven

4. If the Seller fails to expressly confirm or reject a Purchase Order in the period specified therein and delivers the Goods ordered therein within the Purchase Order Acceptance Period, i.e. within the period of fifteen (15) calendar days, the same shall be deemed to have accepted the Purchase Order and thus to have concluded the relevant Contract by performing the subject matter thereof – i.e. the delivery of the Goods – and to have accepted the valid GTC.
5. If the Seller does not accept the terms and conditions of a Purchase Order, the same shall submit its counterproposal to the Purchaser within five (5) calendar days and specify which particular conditions are unacceptable. The Purchaser shall comment on the counterproposal within fifteen (15) calendar days upon receipt, i.e. either to expressly accept it by impressing the Purchase Order with its stamp, or to reject it, or to submit a modified Purchase Order. If the Contractual Parties fail to agree on all substantial clauses of a Contract, no Contract has been concluded.

IV. CONTRACT MODIFICATIONS

1. Any modification to a Contract is subject to the written approval of both Contractual Parties.
2. The Purchaser is entitled to request the Seller to modify a Contract in case of:
 - a) Change in logistics requirements;
 - b) Reduction or termination of the need of the Goods due to changes of the design or in the manufacturing process.
3. Should the Seller incur extra costs as a result of a modification to a Contract, the same shall promptly notify the Purchaser to this effect. Such a notice shall include the estimation of extra costs to be incurred to the Seller due to such Contract modification. The Seller shall support its estimation with back-up data presented in writing. The Seller is responsible for the professional estimation of such extra costs.
4. If the Purchaser insists on such Contract modification even after receiving of the extra costs estimation from the Seller, the Contractual Parties shall conclude relevant price agreement in the form of an amendment to the Contract.

V. PURCHASE PRICE

1. Unless otherwise specified in a Purchase Order, the Purchase Price includes the delivery of the Goods to the place of destination specified in the same per Delivery terms, inclusive packaging.
2. The Purchase Price given in a Purchase Order or a Contract shall always stipulate the relevant currency denomination.
3. If the Seller has confirmed a Purchase Price, the same is bound by the Purchase Price. The Seller may not increase the Purchase Price, terminate the relevant Contract or modify in any manner the terms and conditions thereof, even in case of increased costs of its inputs.
4. The Purchaser may, upon agreement with the Seller, effect advance payment to the Purchase Price. The Seller may neither set off such advance payment against any other claims specified in the relevant Contract but the Purchase Price nor use it to cover a damage which may have incurred.

VI. PAYMENT TERMS AND CONDITIONS

1. The Purchaser shall pay the Purchase Price and/or effect additional payments on the basis of the relevant invoice issued by the Seller. Such invoice shall particularly give the relevant Purchase Order number, the identification of the Seller and the Purchaser inclusive banking information, the relevant Goods specification inclusive their part number used by the Purchaser, the Purchase Price and currency denomination, the invoice issuance date, the date of contract performance (plus VAT No. in case of individuals/entities from EU) and additional information as may be agreed by the Contractual Parties.
2. Unless a Contract says otherwise, the respective invoice shall have become due ninety (90) days after both the invoice and the Goods invoiced therein were available to the Purchaser.
3. The payment obligation is fulfilled as at the date when the bank account of the Contractual Party effecting the payment is debited by the relevant sum.
4. The Purchaser may unilaterally set off any claim which may raise on the Seller against the Purchase Price invoiced by the Seller.
5. The Purchaser may return an invoice to the Seller without effecting the relevant payment if such invoice fails to contain all the requirements listed in Clause 1 hereof.

VII. DELIVERY OF GOODS

1. The Seller shall deliver the Goods in quantities, workmanship and quality specified in the Contract and on the day and to the place specified therein.
2. The Seller shall submit the Purchaser documents necessary for the acceptance and use of the Goods as well as additional documents specified in the relevant Contract or documents routinely provided in view of the nature of the Goods delivered (e.g. serial number/production batch number); in particular packaging slip, shipping documents, required type of certificate and invoice. The Seller shall – together with the Goods – further submit the Purchaser the original copy of relevant delivery note with the following contents:
 - Title and full address of the Seller, inclusive the phone number and the name of the person responsible for the dispatch of the Goods;
 - Title and full address of the Purchaser as given in the Contract, including the name of the Purchaser's contact person who ordered the Goods as given in the relevant Purchase Order or Contract;
 - Delivery note number;

XI. SANCTIONS

- Technical nomenclature of the Goods;
 - Serial Number, if the Goods is marked with S/N, and batch number of the Goods;
 - quantity;
 - Purchaser's part number of the Goods as given for the relevant line item in the Purchase Order or in the Contract;
 - Store number of the Goods, if given in the relevant Purchase Order or Contract;
 - Delivery note issuance date;
 - Any additional information required in the relevant Purchase Order or Contract.
3. If the delivery of some Goods requires export or import license, the Seller shall obtain the export license and the Purchaser shall obtain the import license.
4. The Goods shall be delivered in packaging prescribed by relevant standards for the Goods and with respect to delivery conditions mutually agreed upon which enable to prevent physical damage of the Goods during its shipment to the mutually agreed destination. Unless the relevant Purchase Order or Contract says otherwise, the manner of packaging shall be determined by the Seller, which shall also notify the Carrier of any specific shipping regime, if such a regime is required for the shipment of the Goods.
5. The Seller may deliver the Goods prior to its scheduled delivery date to the Purchaser only upon Purchaser's concurrence. Partial deliveries are not allowed unless agreed otherwise.

VIII. HANDOVER OF GOODS

1. Unless otherwise stipulated in a Purchase Order and/or a Contract, FCA term of INCOTERMS 2000 shall apply at the place specified in the relevant Contract or Purchase Order.
2. Unless agreed otherwise by the Contractual Parties in writing, the ownership title to the Goods is transferred to the Purchaser when the Goods are handed over to the same.
3. The Purchaser takes over the ownership title in good faith that the Seller is the owner of the Goods. Should a third party claim the ownership title to the Goods or petition for a limitation of the title to the Goods, the Seller shall provide the Purchaser all necessary support in the protection of the ownership title of the latter.

IX. LIABILITY FOR DEFECTS

1. The Seller is liable for any defect the Goods may have at the moment of transfer of the risk of damage to the Goods to the Purchaser, though such defect may become apparent later. The Seller is also liable for any defect arising after the transfer of the risk of damage to the Goods, if such a defect is caused by a breach of the Seller's obligation.
2. The Purchaser shall inspect the Goods as soon as practicable upon the Goods was delivered to the address of the Purchaser.
3. Any delivery of the Defective Goods to the Purchaser constitutes material breach of the Contract. In such a case, the Purchaser may elect to:
- a) Request the Seller to replace Defective Goods or to deliver missing Goods at the sole expense of the Seller; or
 - b) Request such Defective Goods to be repaired at the sole expense of the Seller, if such repair is feasible; or
 - c) Request a reasonable discount from the Purchase Price; or
 - d) Request legal defects to be rectified; or
 - e) Withdraw from the Contract.
4. If the Seller rejects the Purchaser's claim for the Defective Goods and the Contractual Parties fail to find an amicable solution to such a dispute, the dispute shall be brought to the court of law.

X. WARRANTY

Unless a Contract or Purchase Order says otherwise, the Seller shall warrant the quality of its Goods for a period of thirty six (36) months subject to the following conditions:

- a) The warranty period shall run beginning from the date of delivery of the Goods to the Purchaser.
- b) The Seller warrants that the Goods delivered shall conform to the expressly agreed or typical specifications and shall conform to these specifications throughout the whole warranty period. The Seller warrants that the Goods shall be free from defects in materials and components used, in design, in manner of execution and processes employed, in workmanship, in packaging and free from any other defects.
- c) The Seller shall indemnify the Purchaser for all necessary costs incurred by the latter with relation to a warranty claim or the Defective Goods liability claim. The Defective Goods the return of which for repair would be uneconomical shall be repaired at the site where such Goods are located and the Seller shall cover all travel and/or transportation expenses for a trip to the site of repair.
- d) The Seller shall settle the Purchaser's claim for the Defective Goods within thirty (30) days upon such claim was raised.
- e) The Warranty Period of Goods under warranty, which are not fit for the purpose typical for the same or specified in the Contract, or fail to meet specifications typical for such Goods, or specified in the Contract for a certain period of time, shall be extended accordingly. Warranty period of new Goods provided by the Seller to replace the Defective Goods shall be thirty six (36) months.

XII. DAMAGES

1. No claims arising from the Defective Goods shall in any manner affect the right to claim damages or a contractual penalty.
2. In addition to the liability for the Defective Goods, the Purchaser may, without prejudice to its right to full indemnification for incurred damages, also claim damages and lost profit suffered as a result of delayed or interrupted production of the same due to the Defective Goods. The payment of the contractual penalty does not relieve the Seller from its obligation to pay the Buyer the incurred damages in full amount.

XIII. FORCE MAJEURE

1. Either Contractual Party may interrupt its performance under a Contract for a period of the continuous occurrence of such circumstances which are beyond control by the Contractual Party (hereinafter "Force Majeure" only). Force Majeure events include, but are not limited to: strikes, epidemics, fires, natural disasters, wars, revolutions, embargos, bans on currency transfers, administrative measures not caused by a Party (e.g. withdrawal of a license), acts of terrorism. However, the events which shall not be deemed Force Majeure events include, without limitation: changes of the prices of input raw materials; defaults on the part of suppliers and sub-suppliers of the Seller.
2. No sanctions may be applied to the Contractual Party affected by a Force Majeure event.
3. The Contractual Party claiming a Force Majeure event must promptly notify the other Contractual Party in writing to this effect and adopt all feasible measures to mitigate the consequences of its default on performance under Contract.
4. If the duration of a Force Majeure event exceeds a period of forty five (45) days, either Contractual Party may withdraw from the Contract.

XIV. FINAL PROVISIONS

1. The Contractual Parties shall not disclose to a third party both tangible and non-tangible items and information they obtain in relation to performance under any Contract pursuant to these GTC. Such facts and information constitute a subject of the business secret of the Purchaser. Without prior written approval of the Purchaser, the Seller shall not make use of any such fact or information to his own benefit or to a benefit of any third party, except for parties authorized to obtain such facts or information by law, and may only use such knowledge to perform under the duly concluded Contract.
2. The Purchaser may amend the GTC. The Purchaser acquaints the Seller with the wording of the GTC on his web pages and also in the Purchase Order. The Purchaser will post a new, amended wording at least thirty (30) days before such change becomes effective. The Purchaser will also notify the Seller of such a change within the same time frame in writing, usually in the form of a notice and the Seller undertakes to get acquainted itself with the amended GTC. If the Seller does not expressly reject such amended GTC by a notice made in writing by relevant deadline, which is ten (10) calendar days prior the effective date of the amended version, the new version shall become binding for all Contracts yet concluded as an amendment to the original contractual terms mutually agreed as of the date given in relevant amended version of the GTC.
3. If a Contract and/or the GTC or a provision thereof becomes void, any and all Defective Goods, contractual penalty claims or claims for damages shall survive. Unless the Contractual Parties agree otherwise, they shall perform all their obligations mutually agreed upon before the relevant Contract and/or the GTC became void.

4. The Seller shall not assign to a third party any of its obligations and liabilities under a Purchase Order or a Contract or any part thereof without prior written consent by the Purchaser otherwise such assignment shall be void.
5. If any provision of the GTC is or becomes void, the remaining provisions remain in full force and effect. The relations between the Purchaser and the Seller governed by such a void provision shall be governed by general provisions of relevant legal regulations.
6. Legal relations arising from and under Contracts and/or the GTC shall be governed by the laws of the Czech Republic, in particular by the Act No. 513/1991 Law Coll., Commercial Code, in its current wording, excluded UN Convention on Contracts for the International Sale of Goods (Notice by the Ministry of Foreign Affairs No. 160/1991 Law Coll.).
7. The Purchaser and the Seller shall make their best effort to settle any and all disputes arising from Contracts amicably. If a dispute cannot be settled amicably, it shall be finally resolved by the relevant court of law of the Czech Republic.
8. These General Terms and Conditions of Sale shall become effective as of June 22, 2009.