

## Business Terms and Conditions (hereinafter referred to only as the "BTCS")

of AERO Vodochody AEROSPACE a.s., incorporated pursuant to the laws of the Czech Republic, with its registered seat at the address Odolena Voda - Dolínek, U Letiště 374, Postal Code: 250 70, Czech Republic, ID No.: 24194204, Tax ID No.: CZ24194204, a company registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry No. 17749

### for the area of services

#### I. DEFINITIONS

For the purposes of these BTCS, the following terms shall have the following meaning:

- a) "Price" - the final and invariable consideration for which the Service Provider shall provide the required Services to the Service Recipient,
- b) "Electronic Delivery" - delivery of a demonstration of will of a Contractual Party to the other Contractual Party in electronic form (by email) if such email contains as its integral part an attachment containing such Contractual Party's written demonstration of will signed by a person authorized to act on behalf of such Contractual Party in the form of a scanned in deed,
- c) "Place of Service Provision" – registered seat of the Service Recipient, unless agreed otherwise by and between the Contractual Parties,
- d) "Civil Code" - Act No. 89/2012 Coll., the Civil Code, as amended and supplemented,
- e) "Order" - Service Recipient's written proposal aimed at entering into an Agreement; each Order shall state at least the subject of performance, its Price, and venue and time of performance,
- f) "BTCS" - these business terms and conditions that are specified in the Order,
- g) "Service Provider" - each person/each entity with which the Service Recipient has entered into the Agreement based on an Order,
- h) "Service Recipient" - AERO Vodochody AEROSPACE a.s., conducting business in the field of aerospace industry, i.e., in the field of development, manufacturing, and trading of aircrafts or parts thereof, technologies and services,
- i) "Cases Worth Particular Consideration" - individually specified special cases that the Service Recipient designates so, caused mainly by time-related reasons and/or logistic changes,
- j) "Services" – performance by the Service Provider in favor of the Service Recipient that does not consist in supply of movable items or carrying out of a work and that are specified by the Agreement or Order,
- k) "Agreement" - demonstration of will of both contractual parties, usually in written form, based on which the Service Provider is bound to provide the Services to the Service Recipient while the Service Recipient is obliged to pay the agreed Price for the Services to the Service Provider,
- l) "Contractual Parties" – the Service Recipient and the Service Provider pursuant to the provisions of the Agreement and these BTCS,
- m) "Defective Provision of Services" - means the provision of Services that does not correspond to the specific requirements for the provision of the Services, as specified in the Agreement or the Order.

#### II. RECITALS

1. The differing provisions contained in the Agreement shall prevail over the wording of the BTCS if such Agreement had been entered into in writing or in another manner not allowing for doubts about the joint will of the Service Recipient and the Service Provider to differ from the wording of the BTCS.
2. Every person that enters into a written Agreement referring to the BTCS or that enters into an implied Agreement by providing the requested Services based on an Order containing a reference to the BTCS that are known to the Contractual Parties at the time of execution of the Agreement or that are appended to the Order shall be deemed to have accepted the valid BTCS without reservation.

#### III. ORDER

1. In each Order, the Service Recipient shall include the data that they consider decisive in connection with the Agreement to which such Order is related according to the Service Recipient's will and on which an accord of the Contractual Parties must be reached as a precondition of its execution, which shall include, without limitation, the following:
  - a) Designation of the Service required, including the specification of its specific property,
  - b) Price for the Service required,
  - c) Place in which the Service is to be provided,
  - d) Binding deadline for the provision of the Service.
2. The contact person of the Service Recipient for the provision of the Services shall deliver each Order of the Service Recipient to the Service Provider by mail, electronically or by facsimile. The Service Provider shall be obliged to confirm each Order within the period of time specified in the Order, and if no deadline is specified then within 15 calendar days following its dispatch by the Service Recipient (hereinafter referred to only as the "deadline for acceptance of the Order") using the confirmation form, as sent to the Service Recipient together with such order, through one of the above-specified means.
3. In Cases Worth Particular Consideration the Service Recipient may also make an Order by telephone. However, it shall be obliged to always consequently confirm such Order made by telephone by facsimile or electronically within 15 calendar days. Should it fail to do so, such Order made by telephone shall not be considered valid.
4. Should the Service Provider consider the data in an Order inaccurate, indefinite or insufficient for the purpose of stipulating the contents of the Agreement to which such Order is aiming, it shall be obliged to forthwith inform the Service Recipient of such fact and to specify which data are so inaccurate, indefinite or insufficient. Consequently, the Service Recipient shall be obliged to forthwith specify such Order. Should the Service Provider fail to call upon the Service Recipient to specify the Order, the Service Recipient shall consequently have rights under a Service that was defectively provided, if any.
5. Should the Service Provider fail to expressly confirm or reject an Order within a deadline specified in such Order and provide the Services within a deadline decisive for the acceptance of an Order, i.e., within 15 calendar days, the Service Provider shall have accepted such Order and entered into an Agreement by acting - provision of the Services, thus accepting these BTCS pursuant to the provisions of Article II, Section 2 of the BTCS.
6. Should the Service Provider fail to accept the terms and conditions specified in the Order, it shall be obliged to send to the Service Recipient its counterproposal within 5 calendar days and specify therein which terms and conditions it does not accept. The Service Recipient shall be obliged to provide its statement on such counterproposal within 15 calendar days, i.e., to either explicitly accept the same by appending a stamp to the Order, or to explicitly reject the same or send a corrected Order. Should the Contractual Parties fail to agree on all material conditions of the Agreement, no Agreement shall be entered into. Pursuant to the provisions of Section 1740 (3) of the Civil Code, the Service Recipient excludes acceptance of an Order with amendments or deviations that do not materially alter its terms and conditions.

#### IV. AMENDMENTS TO THE AGREEMENT

1. Any amendment to the Agreement must be approved by both Contractual Parties in writing.
2. In the following enumerated cases, the Service Recipient shall be authorized to call upon the Service Provider to amend the Agreement:
  - a) change to logistic requirements
  - b) reduction or extinction of the need to provide Services
3. Should an amendment to the Agreement result in the Service Provider's incurring of additional costs, the Service Provider shall be obliged to forthwith notify the Service Recipient of such fact. In such notice, the Service Provider shall specify its estimate of the amount of costs to be thus incurred as a result of such modification of the Agreement. The Service Provider shall be obliged to duly prove such estimate using written supporting documentation. The Service Provider shall be liable for the professional appraisal of additional costs.
4. Should the Service Recipient insist on such amendment to the Agreement after receiving such estimate of additional costs from the Service Provider, the Contractual Parties undertake to enter into an agreement on the Price in the form of a written amendment to the Agreement.

#### V. PRICE

1. Unless stipulated otherwise in the relevant Order, the Price shall include provision of the Services in the destination specified in the Order.
2. Such Price shall be specified in the Order or in the Agreement denominated in a specific currency.

3. If the Price has been confirmed by the Service Provider, it shall be binding for the Service Provider. Any increase in the initial costs incurred by the Service Provider in relation to the provision of the Services shall neither establish the Service Provider's right to increase the Price nor establish the Service Provider's right to rescind the relevant Agreement or to amend its terms and conditions in any manner. The Service Provider hereby assumes the risk of change in circumstances pursuant to the provisions of Section 1765 of the Civil Code.
4. Upon agreement with the Service Provider, the Service Recipient may provide an advance deposit for the Price. The Service Provider shall not be authorized to set off such advance deposit against other receivables, if any, than those related to the Price pursuant to the provisions of the specific Agreement or to use the same as payment of any damage or non-property loss that may be incurred.

#### **VI. TERMS OF PAYMENT**

1. The Service Recipient shall pay the Price or, as the case may be, make other monetary payments based on an invoice issued by the Service Provider. Each invoice shall include, without limitation, the Order number, data identifying the Service Provider and the Service Recipient, including the bank details, specification of the Services, including the number of Services assigned thereto by the Service Recipient, the Price, currency, date of issuance of the invoice and the taxable supplies date (for persons from European Union countries, also the VAT No.), and other data on which the Contractual Parties may agree or that ensue from the generally binding legal rules and regulations.
2. The Service Provider shall be authorized to issue an invoice for the provided Services after the Service Recipient has confirmed thereto in writing the due and timely provision of such Services. Unless agreed upon otherwise in the Agreement, the maturity period of an invoice shall not occur earlier than 30 days after the Service Recipient has obtained such invoice, unless agreed otherwise between the Contractual Parties.
3. A monetary debt shall be deemed satisfied on the date of its debiting from the bank account of the Contractual Party paying such monetary debt.
4. The Service Recipient shall be authorized to unilaterally set off any of its receivables from the Service Provider, including uncertain or indefinite receivables, against the payment of the Price based on an invoice issued by the Service Provider in respect of the Price.
5. The Service Recipient shall be authorized to return the invoice to the Service Recipient without payment if such invoice fails to contain the requisites specified in subsection 1 of this article.

#### **VII. PROVISION OF SERVICES**

1. The Service Provider shall be obliged to provide the Services to the extent, in the performance and in the quality stipulated in the Agreement and by the date and in the place stipulated in the Agreement.
2. The Services shall be provided in the manner specified in the Agreement and in the relevant standards for the agreed kind of Services.
3. The Service Provider shall only be authorized to provide the Service before the deadline stipulated for the provision of the same subject to the consent of the Service Recipient.
4. Should the Services be provided in the registered seat of the Service Recipient, the Service Provider shall be liable towards the Service Recipient for the cleanliness and tidiness in the Place of Service Provision and on all access roads and ways and undertakes to secure in the common manner the Place of Service Provision to the extent required against the access of unauthorized persons.
5. Any and all waste produced as a consequence of the provision of Services shall become the Service Provider's property and the Service Provider shall thus be the originator of such waste. The Service Provider shall be liable for keeping records of such waste and for the disposal of the same pursuant to the provisions of Act No. 185/2001 Coll., on waste management and on amendments to certain other acts, as amended and supplemented.
6. The costs of the Service Provider incurred pursuant to the provisions of subsections 4 and 5 of this article shall be included in the Price.
7. In cases that the Service consists in activities the result of which constitutes a qualified subject of rights to non-incorporeal property but is not protected by the industrial property rights or the author's right, the Service Provider shall not be authorized to provide such result of such activities to persons other than the Service Recipient. In the event the result of the Service provided is protected by the author's right, the Service Provider shall be deemed to have provided to the Service Recipient the license to the use of such author's work. The Service Provider shall not be authorized to enable the use of such author's work to third parties. In the event the result of the Service provided is protected by the industrial property right, the Service Provider shall provide to the Service Recipient an exclusive license to the exercise of such rights.

#### **VIII. RIGHTS UNDER DEFECTIVE PROVISION OF SERVICES**

1. If the Services have been provided defectively by the Service Provider, the Service Recipient shall have the rights resulting from such defective provision.
2. The Service Recipient shall be obliged to inspect the manner in which the Services have been provided as soon as possible.
3. In the event the Services provided do not correspond to the requirements contained in the Agreement, the Agreement shall be deemed to have been breached materially. In such event the Service Recipient shall have the following options to use at its own discretion:
  - a) to require provision of substitute flawless Services at the Service Provider's expense, or
  - b) to require adequate discount from the Price, or
  - c) to rescind the Agreement.
4. If the Service Provider fails to recognize the legitimacy of the Service Recipient's claim and the Contractual Parties are unable to resolve such dispute amicably within 30 calendar days, such disputable claim of the Service Recipient shall be subject to court proceedings.
5. In the event of delivery of Defective Services, the Service Recipient shall be authorized to carry out an inspection at the Service Provider's and depending on the results of such inspection, to order to the Service Recipient taking of remedies for the purpose of excluding defects in any future provision of the Services. The costs of such inspection and remedies shall be borne by the Service Provider.

#### **IX. SANCTIONS AND TERM OF AGREEMENT**

1. Each Contractual Party shall be authorized to rescind this Agreement in the event the other Contractual Party has materially breached its obligations arising from these BTCS or from the Agreement and which breach it has failed to remedy even during the provided reasonable period of time.
2. Events of material breach of the Agreement shall include, without limitation, the following:
  - a) The Service Provider has not provided the Services to the Service Recipient in a timely manner,
  - b) The Service Provider has unjustly rejected the Service Recipient's rights ensuing from defective provision of the Services,
  - c) The Service Recipient has been in default with the payment of an invoice for a period of time exceeding 30 days pursuant to the provisions of Article VI., Section 2 of the BTCS,
  - d) The Service Provider has breached its obligation set forth in Article XII., Section 1 of the BTCS.
3. Rescission of the Agreement shall not affect the right to receive indemnification for any damage, including non-proprietary damage. For the purposes of these BTCS, the application of Section 1978 (2) of the Civil Code shall be excluded, which sets forth that the expiration in vain of a grace period shall result in the termination of the Agreement without further notice.
4. In the event of the Service Provider's default with the provision of the Services, the Service Recipient shall be authorized to bill to the Service Provider contractual penalty at 0.05% of the total Price for the Services for each commenced day of such default. In the event of the Service Provider's default with the provision of substitute flawless Services in replacement of the defectively provided Services, the Service Recipient shall be authorized to claim that the Service Provider pay contractual penalty at 0.05% of the total Price of such defectively provided Services for each commenced day of such default. The maturity date of such contractual penalty exercised hereunder shall be on the day following the date of breach of the relevant obligation of the Service Provider.
5. In the event of the Service Recipient's default with the payment of the invoice, the Service Provider shall be authorized to bill to the Service Recipient default interest at 0.05% of the value of such unpaid invoice for each commenced day of such default.
6. In the event of breach of the Service Provider's obligation pursuant to the provisions of Article XII., Section 1 of the BTCS, the Service Recipient shall be authorized to claim contractual penalty at 30% of the value of the Order or Agreement in the currency stipulated in the specific Agreement or Order.

#### X. INDEMNIFICATION FOR DAMAGE

1. Claims under defectively provided Services shall not affect the right to receive indemnification for damage or the right to claim contractual penalty.
2. In addition to the obligations corresponding to the rights of the Service Recipient ensuing from defective provision of Services, the Service Recipient shall also be obliged to pay indemnification for damage including - for the avoidance of any doubts - lost profits resulting as a consequence of suspended or delayed manufacturing of the Service Recipient as a consequence of defectively provided Services. Payment of the contractual penalty shall not affect the Service Recipient's right to receive indemnification for damage in full, as arisen by the Service Recipient as a consequence of breach of the relevant obligation of the Service Provider.

#### XI. FORCE MAJEURE

1. The Contractual Parties shall be authorized to suspend performance of their obligations hereunder for the period of time during which extraordinary unforeseeable and insuperable obstructions exist which are independent of the will of the Contractual Parties (hereinafter referred to only as "Force Majeure"). Events of Force Majeure shall include, without limitation, the following: strike, epidemic, fire, natural catastrophe, mobilization, war, riot, embargo, ban on foreign currency transfers, administrative restrictions not caused by the Contractual Parties (such as withdrawal of license), and terrorist attack. Events of Force Majeure shall not include, without limitation, the following: changes in price of feed materials, failure of the Service Provider's contractors and subcontractors to deliver their Services, and obstructions arisen from a Contractual Party's personal situation.
2. Force Majeure shall preclude the right to claim sanctions against a Contractual Party affected by Force Majeure.
3. The Contractual Party claiming the impacts of Force Majeure shall forthwith notify the other Contractual Party of such fact in writing and take any and all actions available to mitigate the consequences of such failure to perform its contractual obligations.
4. In the event of duration of an event of Force Majeure in excess of 45 days, both Contractual Parties shall be authorized to terminate the Agreement.

#### XII. FINAL PROVISIONS

1. The Contractual Parties undertake to keep confidential towards third parties all material and non-material facts which they learn in connection with the performance of any Agreement of which these BTCS constitute an integral part. Such facts shall constitute the subject of the Service Recipient's business secret. Without the previous written consent of the Service Recipient, the Service Provider shall not be authorized to use such facts for its own benefit or for the benefit of third parties, except for persons that are authorized to do so under the law, but it may only use the same for the performance in compliance with the executed Agreement. This confidentiality obligation shall survive the termination of the executed Agreement.
2. The Service Recipient shall be authorized to update the BTCS. The Service Recipient shall inform the Service Provider of the wording of its BTCS in its website [www.aero.cz](http://www.aero.cz) and in each Order. The new current wording shall be published by the Service Recipient on the above-specified website within 30 calendar days before the effectiveness of such change. The Service Recipient shall also inform the Service Provider of any changes in the BTCS in writing, usually through an electronic message, and the Service Provider undertakes to study such amended BTCS. Should the Service Provider not demonstrate its express written dissent 10 calendar days before the effective date of such amended BTCS, the new wording of the BTCS shall become binding for all already existing contractual relations as an amendment to their originally agreed terms and conditions, with effectiveness as of the date specified in the relevant update of the BTCS.
3. Upon the termination of effectiveness of the Agreement and/or the BTCS or some of the provisions thereof, all claims related to defective provision of Services and rights to claim contractual penalty or indemnification for damage shall continue to exist and survive such termination. Unless agreed otherwise, the Contractual Parties shall be obliged to satisfy everything that they had agreed upon before the termination of the Agreement and/or the BTCS.
4. The Service Provider must not transfer its obligations and receivables under the Order or Agreement, in full or partially, to a third party, without the previous written consent of the Service Recipient.
5. Should any provision of these BTCS be or become apparent, invalid or unenforceable, the remaining provisions of these BTCS shall continue to exist and shall not be affected in any manner by such apparent invalidity or unenforceability. In the part consisting of such apparent, invalid or unenforceable provision, the relationship between the Service Recipient and the Service Provider shall be governed by the general provisions of the relevant legal rules and regulations.
6. Legal relationships arising from the Agreements or the BTCS shall be governed by the laws of the Czech Republic, namely its Civil Code.
7. The Service Recipient and the Service Provider shall be obliged to attempt at resolving any and all disputes arising from the Agreements amicably. If a dispute cannot be resolved amicably, it shall be dealt with and decided by a general court of the defendant.
8. These BTCS shall enter into effect on 1 March 2014.