

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

of AERO Vodochody AEROSPACE a.s., incorporated pursuant to the laws of the Czech Republic, with its registered seat at the address Odolena Voda - Dolinek, U Letiště 374, Postal Code: 250 70, Czech Republic, ID No.: 241 94 204, Tax ID No.: CZ24194204, a company registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry No. 17749

### applicable to agreements for work

#### I. DEFINITIONS

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

- a) "Price for Work" - the final and invariable consideration for which the Contractor shall carry out the Work and transfer to the Customer the title to such Work, which, however, does not include bank fees (while each Contractual Party shall bear its own costs),
- b) "Work" - making of a certain thing unless it falls under a purchase agreement, installation of a certain thing, its adaptation, maintenance, carrying out of certain repairs or adaption of a certain thing or another materially captured result of the Contractor's activities.
- c) "Supply Terms and Conditions" - specific terms and conditions used in the Agreement and/or in an Order for the supply of the Work pursuant to the provisions of the international INCOTERMS 2010 standards, as published by the ICC - International Chamber of Commerce in Paris,
- d) "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,
- e) "Civil Code" - Act No. 89/2012 Coll., the Civil Code, as amended and supplemented,
- f) "Customer" - 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,
- g) "Order" - Customer's written proposal aimed at entering into an Agreement; each Order shall state at least the subject of performance, its Price, contact person for taking over of the Work, and venue and time of performance,
- h) "BTCCW" - these business terms and conditions that are specified in the Order,
- i) "Cases Worth Particular Consideration" - individually specified special cases that the Customer designates so, caused mainly by time-related reasons or logistic changes,
- j) "Agreement" - demonstration of will of both contractual parties, usually in written form, based on which the Contractor is bound to carry out and deliver to the Customer the Work and to transfer the title to the Work to the Customer, while the Customer is obliged to pay the Price for the Work to the Contractor,
- k) "Contractual Parties" - Customer and Contractor pursuant to the provisions of the Agreement and these BTCCW,
- l) "Defective Work" - means Work that:
  - does not correspond to the specific requirements for Work contained in the Agreement or the Order and/or does not correspond to the parameters specified in the quality standards, and/or
  - has any apparent or latent defects,
- m) "Contractor" - each person/each entity with which the Customer has entered into the Agreement based on an Order,

#### II. RECITALS

1. The differing provisions contained in the Agreement shall prevail over the wording of the BTCCW if such Agreement had been entered into in writing or in another manner not allowing for doubts about the joint will of the Customer and the Contractor to differ from the wording of the BTCCW.
2. Every person that enters into a written Agreement referring to the BTCCW or that enters into an implied Agreement by carrying out and supplying the requested Work based on an Order containing a reference to the BTCCW 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 BTCCW without reservation.

#### III. ORDER

1. In each Order, the Customer shall include the data that it considers decisive in connection with the Agreement to which such Order is related according to the Customer's will and on which an accord of the Contractual Parties must be reached as a precondition of its execution. Each Order shall be delivered to the Contractor by the Customer by mail, electronically or by facsimile. The Contractor 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 Customer (hereinafter referred to only as the "deadline for acceptance of the Order") using the confirmation form, as sent to the Customer together with such order, through one of the above-specified means.  
Each Order shall contain the following:
  - a) Specification of the Work
  - b) Deadline for performance
  - c) Price for the Work
  - d) Place of delivery of the Work.
  - e) Customer's contact person for the acceptance of the Work.
2. In Cases Worth Particular Consideration the Customer may also make an Order by telephone. However, it shall be obliged to 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.
3. Should the Contractor 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 Customer of such fact and to specify which data are so inaccurate, indefinite or insufficient. Consequently, the Customer shall be obliged to forthwith specify such Order. Should the Contractor fail to call upon the Customer to specify an Order, the Customer shall have rights related to defective delivery of the Work carried out.
4. Should the Contractor fail to expressly confirm or reject an Order within a deadline specified in such Order and deliver the ordered Work within a deadline decisive for the acceptance of an Order, i.e., within 15 calendar days, the Contractor shall have accepted such Order and entered into an Agreement by acting - carrying out and dispatching of the Work, thus accepting these BTCCW pursuant to the provisions of Article II, Section 2 of the BTCCW.
5. Should the Contractor fail to accept the terms and conditions specified in the Order, it shall be obliged to send to the Customer its counterproposal within 5 calendar days and specify therein which terms and conditions it does not accept. The Customer 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 Customer 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 Customer shall be authorized to call upon the Contractor to amend the Agreement:
  - a) change to logistic requirements
  - b) limitation or extinction of the need for the Work due to constructional or technological changes.
3. Should an amendment to the Agreement result in the Contractor's incurring of additional costs, the Contractor shall be obliged to forthwith notify the Customer of such fact. In such notice, the Contractor shall specify its estimate of the amount of costs to be thus incurred as a result of such modification of the Agreement. The Contractor shall be obliged to duly prove such estimate using written supporting documentation. The Contractor shall be liable for the professional appraisal of additional costs.
4. Should the Customer insist on such amendment to the Agreement after receiving such estimate of additional costs from the Contractor, the Contractual Parties undertake to enter into an agreement on the Price for the Work in the form of a written amendment to the Agreement.

#### V. PRICE FOR THE WORK

1. Unless stipulated otherwise in the relevant Order, the Price for the Work shall include carrying out of the Work including packaging of the same and delivery thereof pursuant to the Supply Terms and Conditions to the destination specified in the Order.
2. Such Price for the Work shall be specified in the Order or in the Agreement denominated in a specific currency.
3. If the Price for the Work has been confirmed by the Contractor, it shall be binding for the Contractor. Any increase in the initial costs incurred by the Contractor in relation to the carrying out of the Work shall neither establish the Contractor's right to increase the Price for the Work nor establish the Contractor's right to rescind the relevant Agreement or to amend its terms and conditions in any manner. The Contractor hereby assumes the risk of change in circumstances pursuant to the provisions of Sections 1765(2) and 2620 (2) of the Civil Code.
4. Upon agreement with the Contractor, the Customer may provide an advance deposit for the Price for the Work. The Contractor shall not be authorized to set off such advance deposit against other receivables, if any, than those related to the Price for the Work pursuant to the provisions of the specific Agreement or to use the same as payment for any damage or non-property loss that may be incurred. The Contractor shall not be entitled to receive payment for a part of the Price for the Work pursuant to the provisions of Section 2610 (2) and Section 2611 of the Civil Code, unless expressly agreed otherwise.

#### VI. TERMS OF PAYMENT

1. The Customer shall pay the Price for the Work or, as the case may be, make other monetary payments based on an invoice that the Contractor shall be authorized to issue after the execution by the Customer of the delivery and acceptance protocol in respect of the Work. Each invoice shall include, without limitation, the Order number, data identifying the Contractor and the Customer, including the bank details, specification of the Work, the Price for the Work, 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. Unless agreed upon otherwise in the Agreement, the maturity period of an invoice shall not occur earlier than 60 days after the Customer has obtained both the Contractor's invoice and the Work corresponding to such invoice.
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 Customer shall be authorized to unilaterally set off any of its receivables from the Contractor, including uncertain or indefinite receivables, against the payment of the Price for the Work based on an invoice issued by the Contractor in respect of the Price for the Work.
5. The Customer shall be authorized to return the invoice to the Customer without payment if such invoice fails to contain the requisites specified in subsection 1 of this article. The new maturity period of a corrected invoice shall commence as of the date in which the Customer had such corrected invoice available thereto for the first time.

#### VII. CARRYING OUT OF WORK

1. The Contractor shall be obliged to carry out the Work according to the specification set forth in the Agreement, at its expense and at its risk, to proceed with due professional care in carrying out the Work, and to adhere to the Customer's instructions.
2. The Contractor shall be obliged to deliver to the Customer all documents required to accept and use the Work as well as any other documents specified in the Agreement or documents common in such cases with a view to the character of the Work, the certificate of the required type, and the invoice.
3. If export or import licenses are required for the delivery of the Work, the Contractor shall be obliged to obtain the export license and the Customer shall be obliged to obtain the import license.
4. Should the Work be carried out outside the Customer's registered seat and delivered to the Customer in its registered seat, the costs of packaging and transportation of the Work to the Customer's registered seat shall be borne by the Contractor.
5. The Contractor shall only be authorized to deliver the Work carried out before the agreed deadline subject to the Customer's consent.
6. In the event the subject of the Work corresponds to the subject of rights to incorporeal property not protected by industrial property rights or author's rights, the Contractor shall not be authorized to provide the result of the activities constituting the subject of the Work to persons other than the Customer. In the event the subject of the Work is protected by the author's rights, the Contractor shall be deemed to have provided to the Customer the license to the use of such author's work. The Contractor shall not be authorized to enable the use of such author's work to third persons. In the event the subject of the Work is protected by the industrial property rights, the Contractor shall provide to the Customer an exclusive license to the exercise of such rights.

#### VIII. DELIVERY OF WORK

1. Unless stipulated otherwise in an Order or Agreement, the DPP clause pursuant to the provisions of the INCOTERMS 2010 terms and conditions shall apply to the delivery of the Work. The Contractor shall be obliged to deliver the Work to the Customer by the date and to the venue stipulated in the Agreement. A delivery and acceptance protocol in respect of the Work shall be the proof of delivery of the Work to the Customer, which protocol shall be signed by both Contractual Parties. In the event of acceptance of the Work with defects, the Contractual Parties shall include in the delivery and acceptance protocol in respect of the Work description of the defects identified and the deadline for the remediation of the same by the Contractor.
2. The Customer shall acquire the ownership title to the Work upon the delivery thereto of the Work carried out, unless agreed otherwise by the Contractual Parties in writing.
3. The Customer shall not be obliged to accept the Work in the event it demonstrates especially serious defects preventing its use as is common.

4. Unless otherwise agreed in writing, the Customer does not wish to receive any partial performance. The Customer shall be authorized to only accept the Work in the making agreed in the relevant Agreement or Order. The Customer shall not be obliged to accept any performance pursuant to the corresponding Agreement or Order from a third party, unless agreed otherwise between the Contractual Parties.

#### **IX. RIGHTS ENSUING FROM DEFECTIVE PERFORMANCE**

1. Should the Contractor carry the Work out defectively, the Customer shall have the rights ensuing from such defective performance as of the moment of passing of the risk of damage to the Work to the Customer, regardless of whether such defect becomes apparent at a later date. The Customer shall also have the rights ensuing from defective performance in the event a defect only occurs after the passing of the risk of damage to the Work if caused as a result of breach of the Contractor's obligation.
2. The Customer shall be obliged to inspect the Work as soon as possible after the acceptance of the same.
3. Should a Defective Work be delivered to the Customer, the Agreement shall be thus breached materially. In such event the Customer shall have the following options to use at its own discretion:
  - a) to claim carrying out or substitute Work if that is possible, which shall be done at the Contractor's expense, or
  - b) to claim repair of the Defective Work - if it can be repaired - at the Contractor's expense, or
  - c) to claim adequate discount from the Price for the Work, or
  - d) to rescind the Agreement.
4. If the Contractor fails to recognize the legitimacy of the defects in the Work and the Contractual Parties are unable to resolve such dispute amicably, such disputable claim of the Customer shall be subject to court proceedings.
5. In the event of delivery of a Defective Work, the Customer shall be authorized to carry out an inspection at the Contractor's and depending on the results of such inspection, to order taking of remedies to the Contractor for the purpose of excluding defects of any future deliveries of the Work. The costs of such inspection and remedies shall be borne by the Contractor.

#### **X. WARRANTY FOR QUALITY OF WORK**

The Contractor hereby grants to the Customer the warranty of 36 months, unless stated otherwise in the Agreement or the Order, under the following terms and conditions:

- a) The warranty period shall commence on the execution date by both Contractual Parties of the delivery and acceptance protocol in respect of the Work.
- b) The warranty shall guarantee that the Work carried out shall have the agreed or the usual properties that it shall maintain during the entire term of the warranty. The quality warranty shall apply mainly to defects of the materials used in the event the Work has been carried out using materials delivered by the Contractor, defects of parts, construction, method of making, technologies used, errors in manufacturing, and any other defects.
- c) The Contractor shall be obliged to reimburse the Customer for the necessary costs incurred by the Customer in connection with the exercise of the warranty for the quality of Work or with the exercise of claims related to Defective Work. In Defective Work the transportation of which for the purpose of remediation of defects would not be purposeful, repairs shall be carried out on site of the Work and the Contractor shall bear any and all costs of the transportation or travel to the site where repair is carried out and back.
- d) The Customer's claims exercised in relation to the defects of the Work shall be settled by the Contractor within 30 days following the date of exercise of such claims in respect of the Defective Work.
- e) The term of warranty for the Work shall be extended by the period of time during which the Work is not qualified for use for the contracted or common purpose or lacks the agreed or common properties. In the event the Defective Work or a defective part are replaced with new Work or a new part, the warranty period of such new item shall be 36 months.

#### **XI. 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 BTCCW 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 Contractor fails to deliver the Work to the Customer in a timely manner,
  - b) The Contractor has unjustly rejected the Customer's rights ensuing from defective carrying out of Work or the quality warranty,
  - c) The Customer has been in default with the payment of an invoice or acceptance of Work for a period of time exceeding 30 days pursuant to the provisions of Article VI., Section 2 of the BTCCW,
  - d) The Contractor has breached its obligation set forth in Article XIV, Section 1 of the BTCCW.
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 BTCCW, 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. The Contractor shall not be authorized to rescind this Agreement in the event of unsuitable orders of the Customer or provision of an unsuitable thing by the Customer pursuant to the provisions of Section 2595 of the Civil Code.
5. In the event of the Contractor's default with the delivery of the Work, the Customer shall be authorized to bill to the Contractor contractual penalty at 0.05% of the Price for the Work for each commenced day of such default. In the event of the Contractor's default with the remediation of defects of the delivered Work, the Customer shall be authorized to claim from the Contractor contractual penalty at 0.05% of the Price for the Defective Work 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 obligation of the Contractor.
6. In the event of the Customer's default with the payment of the invoice, the Contractor shall be authorized to bill to the Customer default interest at 0.05% of the value of such unpaid invoice for each commenced day of such default. In the event of the Customer's default with the taking over of the Work carried out, the Contractor shall be authorized to charge to the Customer contractual penalty at 0.05% of the price of the Work not taken over for each day of such default.
7. In the event of breach of the Contractor's obligation pursuant to the provisions of Article XIV, Section 1 of the BTCCW, the Customer 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.

#### **XII. INDEMNIFICATION FOR DAMAGE**

1. Claims under defects of the Work shall not affect the right to receive indemnification for damage or the right to claim contractual penalty.
2. In addition to the rights ensuing from defective performance, the Customer shall also be authorized to claim indemnification for damage including - for the avoidance of any doubts - lost profits resulting as a consequence of suspended or delayed manufacturing of the Customer as a consequence of defects

in the carrying out of the Work. Payment of the contractual penalty shall not affect the Customer's right to receive indemnification for damage in full, as arisen by the Customer as a consequence of breach of the relevant obligation of the Contractor.

### XIII. 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 Contractor's contractors and subcontractors to deliver their Work, 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.

### XIV. 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 BTCCW constitute an integral part. Such facts shall constitute the subject of the Customer's business secret. Without the previous written consent of the Customer, the Contractor 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.
2. The Customer shall be authorized to update the BTCCW. The Customer shall inform the Contractor of the wording of its BTCCW in its website [www.aero.cz](http://www.aero.cz) and in each Order. The new current wording shall be published by the Customer on the above-specified website within 30 calendar days before the effectiveness of such change. The Customer shall also inform the Contractor of any changes in the BTCCW in writing, usually through an electronic message, and the Contractor undertakes to study such amended BTCCW. Should the Contractor fail to demonstrate its express written dissent 10 calendar days before the effective date of such amended BTCCW, the new wording of the BTCCW 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 BTCCW.
3. Upon the termination of effectiveness of the Agreement or the BTCCW or some of the provisions thereof, all claims related to defects of Work 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 or the BTCCW.
4. The Contractor may 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 Customer. Should the Contractor charge a third party with the carrying out of the Work or a part thereof with the consent of the Customer, the Contractor shall be liable towards the Contractor as if it has carried out such Work itself.
5. Should any provision of these BTCCW be or become apparent, invalid or unenforceable, the remaining provisions of these BTCCW 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 Customer and the Contractor shall be governed by the general provisions of the relevant legal rules and regulations.
6. Legal relationships arising from the Agreements or the BTCCW shall be governed by the laws of the Czech Republic, namely its Civil Code.
7. The Customer and the Contractor 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 BTCCW shall enter into effect on 1 March 2014.