

General Conditions of Sales and Delivery

All deliveries and other performance effected by DIEHL Aerospace, Inc. (DAI) Sterrett ("The Supplier") are governed by the General Conditions set out hereunder Conditions of the Customer differing herefrom are only binding on the Supplier if we have accepted them in writing.

1. Offers and Formation of Contract

- 1.1 All the offers or estimates for engineering tasks repair or installation work of the Supplier are subject to alterations without notice unless it is agreed to the contrary.
- 1.2 Orders as well as any proposed modifications and verbal mutual agreement are subject to the Supplier's written confirmation. Such written confirmation shall be authoritative for the contractual relationship.

2. Delivery Period

- 2.1 In the case of contracts with traders for whom the contract forms part of their corporations under public law or public agencies and delivery stated are not binding unless it has been expressly agreed in writing that they are binding.
- 2.2 The delivery period commences with the dispatch of the Supplier's order confirmation. However, such period shall be extended by a appropriate period if the Customer does not provide the documents, approvals, permits, etc. to be furnished by him or fails to fulfil his payment obligations or other obligations in one time. The same shall apply in the event of measures in connection with labor disputes especially strikes and lockouts, or in the event of unforeseen hindrances arising which are beyond the Supplier's reasonable control such as delays in delivery by our Suppliers, disruptions in transportation, plant stoppages, shortages of supply of raw materials or energy – and are evidently of material influence for the manufacture or dispatch of the contracted supplies. The Supplier shall not be liable for the aforesaid circumstances also if they arise during an already existing delay in delivery.
- 2.3 The delivery period shall be deemed met, if the contracted supplies have been shipped or notice has been given of their readiness for dispatch prior to its expiry.
- 2.4 In case the Customer suffers a loss or damages owing to a delay caused by a willful or grossly negligent breach of contract on the legal representatives of the Supplier or his vicarious agents and thereof, he shall be entitled, to the exclusion of any further claims, to demand for each full week of delay ½ percent, however not more than a total of 5 percent, of the value of that part of the Supplier's supplies or other performances that cannot be put to use in due time or in due conformity with the contract owing to the delay. Any fartherreaching claims to damages on the part of the Customers are excluded in all cases of late delivery or performance, also upon elapse of any additional period of the time allotted to the Supplier.
- 2.5 The above clause does not effect the Customer's right to withdraw from the contract in case the Supplier does not effect delivery within a reasonable of time allotted to him.
- 2.6 Deliveries and performances are charged at readiness for dispatch or hand over.
In case of delay of delivery upon request of the customer the Supplier may charge the customer the costs for the storing, commencing one month after giving notice of the readiness for dispatch. In the case where storing is at the Supplier's plant the cost for at least 1 percent of the invoice for each month may be charged.
After ineffectual elapse of an allotted appropriate period of time, the Supplier is however entitled to dispose of the supply in another way and to furnish the customer within an appropriate extended time. Unless otherwise agreed orders on call are to be accepted within two months after completioun at the latest if the calling is not effected within this period, the Supplier is entitled under the reserve of father reaching rights to charge 1 percent of the invoice for each month as storage.

3. Deliveries and Acceptance

- 3.1 Dispatch will take place ex Works at the Customer's expense and risk. Insurance against loss or damage in transit, breakage, theft and other risks will only be arranged by the Supplier at the Customer's express written instruction and for his account.
- 3.2 The Supplier is permitted to deliver in installments.
- 3.3 The Customer shall not object to deliveries on account of modifications in design or workmanship undertaken by the Supplier to the contracted supplies concerned or to other performances whose acceptance by the Customer can reasonably be expected.
- 3.4 The Customer shall be obliged to accept delivery without prejudice to his rights as set out under clause 7.

4. Transfer of Risk

- 4.1 Despatch will be from a place within the Federal Republic of Germany to be determined by us.
- 4.2 Risk will pass upon dispatch of the contracted supplies. This shall apply also in cases where the Supplier has additionally undertaken to install the contracted supplies.
- 4.3 In case dispatch cannot take place for reason for which the Customer is responsible, risk shall to the Customer from the day of readiness for dispatch.

5. Prices and Payment

- 5.1 Prices are "ex Works" including loading at the works but exclusive of packing and other charges. Packing will be invoiced at cost to the Customer and is not returnable.
- 5.2 Turnover tax (value-added tax) at the statutory rate applicable will be added to the prices.
- 5.3 Where an advance payment is liable to turnover tax by virtue of statutory regulations, the turnover tax arising on the advance payment shall be payable by the Customer with the advance payment.
- 5.4 In case of an increase in the Supplier's prices after the conclusion of the contract, the Supplier may charge the price valid on the day delivery insofar as the Customer is a trader for whom the contract forms part of his trade, a corporation under public law or a state agency.
- 5.5 Unless otherwise agreed in writing, payment shall be effected without any deduction whatsoever free to the Supplier's specified place of payment prior to delivery or by cash on delivery. The date of payment is the day on which the amount is received by Supplier.
- 5.6 Bills of exchange and checks will be accepted merely as a conditional payment and shall be deemed to constitute payment only upon the unconditional crediting of the countervalue. Banking charges, discount fees and other expenses shall be borne by the Customer.
- 5.7 The Customer may only declare a set off with counterclaims that are uncontested or have been ruled final and absolute by the respective Court of Justice.
- 5.8 Upon elapse of the time limit for payment, interest will be charged at the rate of 4% above the ruling. **Deutsche Bundesbank** discount rate, reserving the right to assert further reaching claims. Where the Customer is neither a trader for whom the contract forms part of his trade nor a corporation under public law nor a state agency, interest will be charged at the aforesaid rate only from the time of default. Insofar as the Supplier has incurred a smaller loss as a result of the delayed payment, the latter shall be taken as the basis of calculation.

6. Retention of Time

- 6.1 The merchandise delivered shall remain the property of the Supplier until all claims accruing to the Supplier against the Customer have been fully and completely discharged, whereby bailment free of charge is agreed. This shall apply also in case of issuance of an acknowledgement of a debt balance. When the merchandise belonging to the Supplier is resold or worked – which the Customer is entitled to do subject to revocation within the due and ordinary course of his business – said merchandise shall be substituted by the claim against the third-party purchaser which is already assigned to the Supplier herewith. The Customer shall be entitled to collect the claims arising from re-sale as long as he is not in default with his payment to the Supplier or in financial collapse. Upon demand, the Customer shall furnish the Supplier with the documents required for collection and shall notify the debtor of the assignment of claim. In case the value of the claims assigned to the supplier exceeds the latter's claim against the Customer by more than 20 percent, the Supplier shall have a duty of surrender or re-assignment to such extent if so demanded by the Customer upon representation of a list of claims.
- 6.2 The foregoing provisions shall apply analogously in case of combination (particularly integral mounting). When the merchandise delivered is joined with another movable good in such manner that it forms an integral part of another good which has to be regarded as the principal good, the Customer shall assign to the Supplier already herewith proportionate co-title to the new good which the Customer shall hold in bailment on the Supplier's behalf. In case of re-sale the provisions set out in Clause 6.1 shall apply accordingly.
- 6.3 The Customer may not pledge the contracted supplies or assign same by way of security. He shall notify the Supplier without undue delay in the event of attachments and seizure or other third-party dispositions.
- 6.4 In case the Customer acts in breach of contract, particularly in the event of default in payment, the Supplier will be entitled to retake possession after prior notice and the Customer shall be obliged to surrender the merchandise. Recourse under such retention of title and attachment of the merchandise by the Supplier shall not be deemed to imply a withdrawal from the contract.

7. Warranty and Liability

- 7.1 The Supplier warrants that at the time risk passes the contracted supplies will be free of any defects in design, workmanship or material. This applies analogously for the existence warranted qualities agreed upon.
- 7.2 Warranty will only be effected on exclusion of further claims on the part of the Customer at the Supplier's option by repairing the contracted supplies. In case the aforementioned warranty proves a failure, the Customer may require a price reduction or a rescission of the contract if the Supplier fails to repair or replace the contracted supplies within a appropriate and reasonable respite. The warranty period in respect of the replacement and repair is three (3) months beginning with the handing-over of the replacement part or the repaired part. This period, however, does not lapse prior to the expiry of the warranty periods for the contracted supplies according to 7.2 a) to c). Replaced parts will become property of the Supplier.

Specifically the warranties are allocated as follows:

- a) Upon delivery of aerospace equipment, from the date of the final inspection or the release note and within the periods as follows:
- 1) Six (6) months or 600 operating hours, whichever is shorter, however, the maximum shall be 12 months from the aforementioned dates
 - 2) Should the equipment in question be stored, the above mentioned warranty shall only be valid, if the Customer has met the provisions for storage within the technical releases. The maximum storage time shall be twelve (12) months. Any exceeding storage time shall be part of the warranty period.
- b) Upon delivery of defence products of installation in production units (equipment) 2000 km or six (6) months from start of service of the vehicles, however, a maximum of twelve (12) months after delivery. Where defence products are ordered specifically as spares the warranty shall be six (6) months after delivery of the item from the competent military depot to the unit, however a maximum of three (3) years date of production shall apply.
- c) The Supplier does not accept any warranty or liability for damages caused due to improper handling or treatment of contracted supplies.
- 7.3 Costs for sending and returning the contracted supplies, for packaging as well as costs for installing and dismantling the contracted supplies are to be borne by the Customer.
- 7.4 A possible foreshortening of the 6-month-warranty-period according to clause 7.2 is only effective when dealing with traders, whose contract forms part of their trade, corporations under public law or public agencies.
- 7.5 In Case the investigation of the supplies complained of by the Customer results that the warranty claim is not justified, the Supplier reserves to charge the Customer in regard of all investigation and handling costs.
- 7.6 Unless otherwise specified in the General Terms of Sale and Delivery, all claims for damages on the part of the Customer against the Supplier, the employees of the Supplier as well as third parties engaged by the Supplier. In particular claims for breach of contract, culps en contrahendo are excluded unless the claims for damages are based on intentional acts or gross negligence of the aforementioned persons. As to contracts with traders for whom the contract is part of their trade, corporations under public law as well as public agencies, all claims for damages are excluded unless they are based on intentional acts or gross negligences by executive bodies or senior officers of the Supplier.
- 7.7 Consequential loss is indemnified only if such loss is due to intentional acts and gross negligence, provided that, in consideration of the circumstances, particularly regarding the supplier's fault and the type, extent and duration of the loss, an indemnification is appropriate and reasonable and accords with principle of good faith.

8. General

- 8.1 Contracts and deliveries shall be governed exclusively by the domestic laws of the Federal Government of the United States of America. The application of the international laws for the sale of goods is hereby expressly excluded.
- 8.2 The Customer authorizes the Supplier, under waiver of notice, to process personal data and to pass on such data to the offices within the Group involved in the handling of the contractual relationship within the scope permitted and to the extent necessary for the purpose of handling the contractual relationship.
- 8.3 In case a provision of the contract between the Supplier and the Customer or a provision of these General Conditions of Sale and Delivery should be or should become inoperative, the validity of the contract shall not otherwise be affected thereby. The contracting parties shall be obliged within the scope of what can reasonably be expected on principles of good faith to replace the inoperative provision by a legally operative arrangement that is equivalent in its commercial result provided that no material change is thereby caused in the substance of the contract.
- 8.4 Place of performance is Sterrett, Alabama. Place of jurisdiction is United States of America if the Customer:
- is a full trader, a corporation under public law or a public agency, or
 - has no place of general jurisdiction within the United States of America or
 - has moved his domicile or customary place of abode outside the United States of America since the formation of the contract or his domicile or customary place of abode is not known at the time action is brought.

The Supplier also has the right to bring action before a court that has jurisdiction for the registered office or a branch of the Customer.