

General Terms and Conditions of Business of Lufthansa Bombardier Aviation Services GmbH (GTCB of LBAS)

1. Scope

- 1.1. The following terms and conditions of business of Lufthansa Bombardier Aviation Services GmbH (LBAS) will exclusively apply; LBAS will not recognize differing terms and conditions of the customer unless LBAS has explicitly consented to their applicability in writing. Our terms and conditions will also apply if we unconditionally provide the service to the customer with knowledge of contrary terms and conditions of the customer, or terms and conditions that deviate from ours.
- 1.2. Any agreements that have been made between LBAS and the customer for the purpose of fulfilling a contract are to be set down in writing in this contract.
- 1.3. Our contractual terms and conditions will also apply to any future transactions with the customer.
- 1.4. Additionally to the GTCB of LBAS the LBAS Pricing Terms and Conditions (PTC LBAS) in its actual revision apply.

2. Offers and Price Quotations

- 2.1. Offers will be made on a non-binding basis as a general principle. Prices will be cited as net prices in euros as a rule. Prices that are agreed upon will only apply to the contract that is entered into in each case.
- 2.2. If catalog prices are agreed upon, the prices in effect at the point in time that the contract is made will apply. In the case of a delivery of replacement parts, LBAS is entitled to pass along later increases in the catalog prices to the customer up to the point of the delivery of the goods. This customer can then withdraw from the contract with written notification vis-à-vis LBAS, arriving at LBAS within 1 month of the written notification of the price adjustment.
- 2.3. When replacement parts or ground-supply equipment is purchased, the prices will also include the costs for standard packing. If additional and/or non-typical packing materials are required, LBAS is entitled to bill the customer for the additional costs that arise.
- 2.4. A written agreement is required as a general principle for a cash discount to be granted.
- 2.5. The minimum order amount is 150.00 €.

3. Payment Terms

- 3.1. Invoices are due and immediately payable without any deduction as a general principle if nothing else has been agreed upon or stated. LBAS is entitled to charge customer € 25,00 for each reminder of payment for past-due invoices in addition to any other compensation for damage. LBAS's right to proof and claim a higher compensation for each reminder of payment will remain unaffected.
- 3.2. Conversions of currency in US-Dollar will take reference to the monthly fixed Lufthansa Exchange Rate. LBAS will notify the applicable exchange rate on the client's request. The conversion will be performed during the month of delivery and/or termination of the service.
- 3.3. Complaints regarding invoices must be received not later than thirty (30) days after the invoice has been submitted. Afterwards, any such complaints will be excluded.
- 3.4. Unless otherwise agreed upon in writing, payments must be made in the currency and to the bank account stated on the invoice.
- 3.5. Checks and - if payment by bill of exchange has been agreed upon - bills of exchange will be accepted as payment. LBAS is to be reimbursed without delay for discount charges and collection expenses, as well as interest.
- 3.6. LBAS can demand an appropriate advance payment from the customer, even after the contract is made if circumstances become known that would seem to make this necessary. If the customer delays making the advance payment, LBAS can withdraw from the contract and demand compensation for non-performance.
- 3.7. If the customer defaults on a payment, LBAS is entitled to demand interest on arrears in the amount of 8 percentage points per annum over the base interest rate as defined by § 247 BGB [German Civil Code], but at least 11% per annum. The right is reserved to assert a claim for further damage.

4. Reservation of Title and Lien

- 4.1. LBAS will retain ownership of the item that is delivered until all of the existing claims from the business relations with the customer are completely settled.
- 4.2. The customer and LBAS agree upon a contractual lien on the items lent by the customer to LBAS to carry out the order within the framework of work and services that are provided. The contractual lien covers all of the claims of LBAS that are associated with the order. If the item lent to LBAS is not owned by the customer, LBAS can exercise a right of retention in accordance with § 273 BGB or § 1000 BGB [German Civil Code] instead of the lien when payment is not made by the purchasing party.
- 4.3. The contractual lien also extends to other undisputed or legally-effective claims that LBAS has vis-à-vis the customer if the item that is lent is owned by the customer.
- 4.4. If the customer defaults on a payment, LBAS is entitled to take back the item that is delivered after a reasonable time limit is set; the purchaser is required to turn it over.
- 4.5. The customer is entitled to process and resell the item that is delivered. In this case, the customer is already assigning all of its claims from the resale to the purchaser or third party in the amount of the final invoice amount (including value-added tax) to LBAS at this point as far as this is concerned. This will apply regardless of whether the item that is delivered was resold before or after processing. The customer will retain authorization to collect the account receivable. The collection right of LBAS will not be impacted by this.
- 4.6. The same applies to parts that are connected with them as defined by §§ 947, 948 BGB [German Civil Code] via installation in the customer's items by LBAS on behalf of the customer or in those of third parties. If this is done for third parties, the customer will assign all of its claims against the third party to LBAS based on this.
- 4.7. LBAS will not collect the account receivable itself as long as the customer properly meets its payment obligations and does not go into default on a payment. Otherwise, LBAS has a claim vis-à-vis the customer to be notified

of the assigned accounts receivable and the debtors, as well as any information required for collection, and to delivery of the accompanying documents and notification of the debtor (third party) with regard to the assignment.

- 4.8. The processing or restructuring of the item that is delivered will always be done for LBAS. When it is processed, LBAS will obtain co-ownership in the new item in proportion to the value of the items that are delivered to the other mixed items at the point in time of the processing. Otherwise, the same as applies to the item that is delivered subject to regulations will apply to the new item that is created. This will apply analogously when the item that is delivered is connected or mixed. If the item that is delivered is to be regarded as the main item after that, it is understood that the customer will transfer proportional co-ownership to LBAS. The customer will preserve sole or joint ownership for LBAS.
- 4.9. Subject to 4.5 to 4.8 LBAS commits itself to release the security it is entitled to at the demand of the customer to the extent that its value exceeds the claims to be protected, in so far as they have not yet been settled, by more than 20%.

5. Customer's Offsetting and Right of Retention

- 5.1. The customer can only offset claims of LBAS when its counterclaim is undisputed or legally-effective.
- 5.2. The customer can only exercise a right of retention vis-à-vis claims of LBAS with claims from the same contractual relationship.

6. Delivery and Production Deadlines

- 6.1. A binding delivery and production deadline only exists if it has been expressly designated as such by LBAS.
- 6.2. The period of time for carrying out repair and maintenance work starts with the day on which the aircraft is available to LBAS for the agreed-upon work. Adherence to the deadlines and time periods has a prerequisite of the prompt receipt of all of the documents to be delivered by the customer, any permits, approvals and clarifications that may be required and the prompt fulfillment of its participation duties.
- 6.3. If the subject matter of the contract changes or is expanded vis-à-vis the original order and if a delay occurs because of this, the delivery and production deadline will be extended in a corresponding fashion. LBAS will notify the customer of this without delay and cite a new, appropriate deadline.
- 6.4. The same applies analogously to the case that the aircraft replacement parts and ground supply equipment or parts have to be delivered by a third party for the maintenance, repair or modification and the relevant supplier exceeds binding deadlines that formed the basis for the agreement regarding the binding delivery period and purchase of the parts from a different source is not possible or reasonable for LBAS within the required period of time.
- 6.5. Exceeding the agreed-upon or extended delivery and production deadline by up to 24 hours will not establish any rights of the customer.
- 6.6. No claims to compensation on the part of the customer will exist if LBAS cannot meet the delivery and production deadline due to force majeure or operational interruptions without being at fault. LBAS has to notify the customer of events of this type without delay, however, to the extent that this is possible and reasonable.
- 6.7. In cases in which the delay in the delivery and production deadline is not reasonable for the customer, it is entitled to withdraw from the contract via written notification to LBAS.

7. Transfer of the Aircraft

- 7.1. The customer has to promptly transfer the aircraft at its own expense and risk to the agreed-upon location.

8. Customer's working equipment

- 8.1. Working equipment (this can be all kind of tools, from a simple hammer to expensive test equipment, for instance avionic testers and engine stands), that Customer supplies to LBAS, must be safe. For all equipment, that is not self-explanatory, Customer has to provide a complete and comprehensible instruction manual.
- 8.2. If under the intended use of this equipment and by this equipment employees of LBAS or of its subcontractors are injured or if damage to property is caused, Customer is fully liable to pay damages to the aggrieved party.
- 8.3. If an instruction manual, which is necessary according to 8.1., is missing, incomplete or incomprehensible, LBAS is entitled to demand the delivery of a complete and comprehensible manual, giving notice to Customer, that the contract may be terminated, if Customer does not deliver such a manual within a fixed period of time. If Customer does not comply with this demand within the fixed period, LBAS is entitled to terminate the contract and to obtain payment for all work that has already been done, as well as all additional incurred expenses, which are not included in the payment.
- 8.4. Articles 8.1, 8.2 and 8.3 do not in any way limit LBAS's legal and contractual rights or claims. Especially any stronger liability of Customer for fault stays unaffected.

9. Calling in Third Parties

- 9.1. LBAS is entitled to call in subcontractors to carry out the order.

10. Work Outside of the Branch Office of LBAS

- 10.1. If services are provided by employees of LBAS or employees of a subcontractor hired by LBAS (below: employees) outside of its company headquarters at a different location within or outside of the Federal Republic of Germany, the customer has to take the statutory measures applicable at the place of performance and other required measures to protect against accidents. It has to notify the employees in writing of the applicable safety regulations. In addition, the employees are required to observe the accident-prevention regulations of the relevant German workers' compensation associations. The customer has to see to it that information regarding the persons responsible for safety issues is announced at the work site. The employees are not permitted to be prompted to violate applicable safety regulations.

LBAS is entitled to reject orders or individual services from orders if safety is not ensured.

11. Installation of Parts

11.1. If nothing else has been agreed upon, LBAS has the right to either replace defective parts with new ones or to replace them with approved (certified) parts that have been repaired / overhauled.

12. Old Parts - Return

12.1. In cases in which the old parts that have been removed can no longer be repaired in an economically viable way, the customer is to be notified of this in writing. The customer commits itself to pay the full price for the part that is delivered or installed in a case of this type without deduction of a credit for the return of the core.

12.2. a) Installation of Replacement Parts

Ownership of aircraft replacement parts that are changed or replaced (so-called old parts) when the technical services are carried out on the respective aircraft will be transferred to LBAS.

12.3. b) Delivery of Replacement Parts

In the case of aircraft replacement parts that are declared as substitute parts, the old part (core unit) that is removed has to be sent back to the sender, or to the address explicitly cited for shipment of old parts in the accompanying documents as the case may be, together with the following compulsorily required records, in exchange for the sending of a usable aircraft replacement part:

- "Material return authorization", i.e. the approval from the sender, or from the address explicitly cited for shipment of old parts in the accompanying documents as the case may be, to send the old part as a core unit
- "Component change form" that is completely filled out

The old part that is removed has to be received by the sender, or by the address explicitly cited for shipment of old parts in the accompanying documents as the case may be, within 10 days of the receipt of the usable aircraft replacement part.

In the old part is returned late, LBAS is entitled to charge a fee for the late return of the old part (late return charge) in the amount of 100 € per day.

If the old part is not sent back within 25 days to the sender, or to the address explicitly quoted for the return of old parts in the shipping documents as the case may be, LBAS is entitled to charge the customer the full price of the part delivered without deduction of a credit for the return of the core.

13. Acceptance Approval in the Case of Work / Service Contracts

13.1. Acceptance will be approved in writing as a general principle and at the expense of the customer. Acceptance is not permitted to be refused for flaws that do not interfere with the functional capability of the aircraft or only interfere with it in an insignificant way.

13.2. The customer is obligated to pick up the aircraft and inspect the services within a period of a week after receipt of the written notice of completion at the latest. After that, LBAS will only be liable for destruction or damage to the aircraft with intent or gross negligence.

13.3. The acceptance inspection will be regarded as complete as soon as the customer uses the aircraft.

14. Transfer of Risk with Regard to Delivery

14.1. The risk of accidental destruction and accidental deterioration of the item that was sold will be transferred to the customer as soon as LBAS or its vicarious agents have delivered the aircraft replacement parts and/or ground supply equipment to the shipping agent, the carrier or other persons or institutions chosen to carry out the shipment. The delivery will be made FCA (Incoterms 2000 - Free Carrier) - if nothing else has been agreed upon.

14.2. If the customer picks up the goods from LBAS, the delivery will be made EXW (Incoterms 2000 - Ex Works). The risk of damage or accidental destruction will be transferred to the customer at the point in time at which it is notified by LBAS that the goods are ready for pickup.

15. Warranty for Defects

15.1. In case of defects of a part or material not manufactured by LBAS as well as of services not performed by LBAS itself, LBAS will assign to Customer its own rights and claims against the manufacturer or subcontractor, if any. It is Customer's duty at first to enforce these rights and claims against the manufacturer or subcontractor – even before court – before raising a claim against LBAS. Only if this claiming fails or is impossible right from the beginning, for any circumstances beyond Customer's control, Customer is entitled to raise a claim against LBAS directly by re-assigning the claims and rights. All the other restrictions of the rights and claims against LBAS according to these Standard Terms and Conditions of Business Performed by LBAS and under the prevailing law shall remain unaffected.

15.2. LBAS is not liable for a defect of a part or material which has been altered, overhauled or repaired during the warranty period by others than LBAS or its vicarious agents (subcontractors or its own personnel) employed by LBAS; neither does LBAS assume any warranty obligation for a defect of a part or material tampered with by others than LBAS or its vicarious agents (subcontractors or its own personnel) employed by LBAS, which has suffered a so-called „foreign object damage“ (FOD) or which was damaged by the elements or similar external influences – excluding normal wear and tear -. This restriction does not apply if the Customer proves that LBAS or its vicarious agent has caused the defect.

15.3. All claims against LBAS for any defect will become extinct unless they have been notified to LBAS without undue delay, but not later than two (2) weeks after detectable occurrence of the defect. The claims will also become extinct unless they have been justified by a detailed written report within four (4) weeks after detectable occurrence of the defect.

15.4. LBAS is not liable for defective items not delivered to LBAS within four (4) weeks from the date of receipt of the a.m. detailed written damage report.

15.5. A claim of the customer to subsequent performance is ruled out if the item that is delivered or the work that is provided by LBAS - especially parts installed by it - is modified, incorrectly installed, incorrectly stored or exchanged by the customer or by a third party at the customer's prompting and this measure caused the defect and/or made the defect worse.

15.6. LBAS is to be granted a reasonable period of time for subsequent performance. LBAS can, at its choice, remedy the defect or delivery a defect-free item or provide new work as the case may be.

15.7. LBAS and the customer will come to an agreement about the location at which the subsequent performance is to be done.

15.8. If the item is turned over to LBAS for subsequent performance and if the purchase price that is due has not yet been paid, LBAS can make the return of the item in accordance with the contract dependent upon the payment of the complete purchase price.

15.9. Claims according to the product-liability act will not be affected.

15.10. The statutory period of limitation according to §§ 439 Paragraph 1 Art. 3 and 634 a Paragraph 1 Art. 1. of the Civil Code (BGB) and according to § 438 Paragraph 1 Art. 3. of BGB will be reduced to one (1) year; for shipments of used parts or generally overhauled parts, to 6 months. After one thousand (1000) flight hours from the date of redelivery such limitation will come into force as well.

15.11. The limitations in accordance with Article 15.1 to 15.10 do not apply to a possible claim for damages and not if LBAS has concealed the defect maliciously or has assumed a guarantee.

15.12. LBAS shall not be liable for any information supplied. The supply of such information shall not establish a contractual relationship between the parties.

16. Liability and Liability Limitation

16.1. Claims for damages are out of the question, independent of the kind of breach of trust, including prohibited action, as long as no deliberate or grossly negligent action exists.

16.2. If essential contractual obligations (cardinal duties) are violated, LBAS is liable for any negligence, but only to the extent of the foreseeable damage. Claims towards lost profits, saved expenditures, out of damage compensation claims of third parties as well as other direct consequential damages cannot be demanded, unless a quality attribute guaranteed by LBAS aims precisely towards covering the client against such damages.

16.3. The liability restrictions and exclusions in paragraphs 1 and 2 are not valid for claims that have arisen due to malicious or fraudulent behaviour on the part of LBAS, nor in the case of a liability for guaranteed quality attributes, nor for claims according to the Product Liability Act, nor damages out of the injury to life, body or health.

16.4. Personal liability of the legal representatives, the vicarious agents and the company employees of LBAS will not exist if the damage is merely based on conduct consisting of ordinary or simple negligence.

16.5. If LBAS, their representatives and vicarious agents are not liable under the foregoing provisions, the customer shall hold LBAS safe from all third-party claims.

17. Insurance

17.1. The customer undertakes to take out insurance coverage for his property (aircraft and aircraft spare parts) and to agree with his insurer on a recourse waiver in favor of LBAS, their representatives and vicarious agents. The customer furthermore undertakes to take out a respective third-party liability coverage (including aeronautical risks) and include LBAS, their representatives and vicarious agents as co-beneficiaries irrespective of the remaining liability provisions. If Customer has ordered services from LBAS on behalf of a third party, Customer guarantees that such third party effects and maintains insurances in the same way.

18. Data Protection

18.1. The customer agrees that LBAS will store and process personal data as defined by the Data-Protection Act for its own purposes within the framework of, and to carry out, the order.

19. Jurisdiction

19.1. The place of jurisdiction is the headquarters of LBAS. LBAS has the right, though, to also bring suit in the court responsible for the headquarters of the customer or in any other court that is responsible according to national or international law.

20. Applicable Law

20.1. The contract is subject to the law of the Federal Republic of Germany. The Hague Convention of July 01, 1964, involving Uniform Laws on the International Sale of Goods and the United Nations Convention on Contracts for the International Sale of Goods (CISG) of April 11, 1980, will not apply. The English version of the GTCB LBAS is for information only. The German legal meaning prevails.

20.2. In case individual provisions of this contract shall be or become invalid, the validity of the remaining contract will not be affected thereby.