



General Purchasing Conditions

PFW Aerospace GmbH, Am neuen Rheinhafen
10, D-67346 Speyer

and

PFW Havacilik Sanayi ve Dis Tic. Ltd. Sti
Bahar Sokak 12 Ege Serbest Bölgesi
Gaziemir-Izmir, Turkey

(each a "**Purchaser**")

I. Applicability

1. These General Purchasing Conditions ("**GPC**") are applicable for business transactions with enterprises, legal entities under public law and special funds under public law (collective the "**Suppliers**").

2. The GPC apply exclusively; all contractual supplies and other performances (collective the "**Supplies**") as well as offers made by the Suppliers occur only under these GPC. Deviating, conflicting or supplementary general terms and conditions only apply to the extent that the Purchaser agrees to them in writing; an explicit rejection is not required. The requirement of approval is effective in any case and in particular if the Purchaser agrees to the subject-matter of the contract being aware of the general terms and conditions of the Supplier.

3. Even without repeated agreement the GPC are applicable in the current version in case of the entry into ongoing business relations as well as for all future Supplies and offers to or by the Purchaser, as long as a more current version of the GPCs is not stipulated.

II. Requirement of Written Form

1. All contractual or other declarations relevant in law require written form in order to be effective and binding. Oral agreements require written confirmation by the Purchaser in order to be effective and binding.

2. The written form is also complied with by the usage of remote transfer of data (e.g. e-mail) and fax.

III. Conclusion of Contract

1. In case purchase orders are made by the Purchaser a contract is only brought about, if the Purchaser receives an order confirmation in the form of a countersigned order copy within 10 (ten) working days upon receipt of the purchasing order by the Supplier.

2. Deviating declarations by the Supplier concerning the purchase order of the Purchaser are to be disclosed by the Supplier in an additional letter and this has to be clearly indicated on the order confirmation. The modified order confirmation constitutes in any case a new offer which has to be confirmed expressly and by reference to the modified purchase order by the Purchaser to the Supplier in order to be effective.

IV. Delivery Time and Default

1. The delivery time given by the Purchaser (date or deadline) is binding. Premature Supplies are only permitted with the prior consent of the Purchaser and with invoicing as of the primarily stipulated delivery date. In case of premature Supplies the Purchaser can, notwithstanding of the refusal of acceptance of performance, also store deliveries of the Supplier or return them at the Supplier's risks and expenses. Any remaining costs of the Purchaser resulting from the premature Supplies shall be borne by the Supplier.

2. The Supplier has to inform the Purchaser without undue delay in case any circumstances arise or become apparent which indicate that the agreed deadlines cannot be adhered to.

3. If the Supplier defaults in delivery, the Purchaser is entitled to claim – despite from further-reaching legal claims – lump-sum damages that amount to 0,2% (two per mill) of the net price per calendar day, but not more than 5% (five per cent) of the delivery net price.

V. Performance; Place; Passing of Risk; Default of Acceptance

1. The Supplier warrants that he will provide the Supplies in accordance with the Purchaser's specifications, where applicable and applicable laws (including, in particular, those dealing with labor and wages, health and safety, protection of

the environment, export control, and the prohibition of corrupt practices). He will require compliance with the same laws from his sub-suppliers.

2. The Supplier is not entitled to have his Supplies rendered by third parties (e.g. sub-contractors) without prior consent of the Purchaser. The Supplier bears the procurement risk for his Supplies unless otherwise agreed in the individual case (e.g. sale of goods which are in stock).

3. The Supplier is not entitled to partial performances without prior consent of the Purchaser.

4. The Supplies take place at the place given by the Purchaser in the purchase order. If no such place is given and unless specified otherwise, the Supplies take place at the place of business of the Purchaser at Speyer, more precisely at the goods receiving department. The respective place of destination is also the place of the Supplies (obligation to deliver of the Supplier).

5. Even if dispatch was stipulated, the risk does not pass to the Purchaser until the delivery of the Supplies at the agreed place of the Supplies. As far as an acceptance was agreed, the acceptance is decisive for the passing of risk and, in addition, the rules of the German Civil Code for contracts to produce a work apply.

6. In the event of default of acceptance the legal provisions apply. The Supplier must explicitly offer his Supplies to the Purchaser even if a defined or definable calendar date has been agreed on for an action or assistance by the Purchaser (e.g. provision of material). If the Purchaser is in default of acceptance, the Supplier is entitled to demand his additional expenditures in accordance with the provisions of the law. If the order concerns a non-fungible good manufactured by the Supplier (Individual production), the Supplier shall only have further rights if the Purchaser was obligated to provide assistance and if he is responsible for the omission of his assistance.

VI. Prices; Details on Shipping and Invoice; Payment Arrangements

1. The price stated in the order is binding.

2. Unless agreed otherwise, the price includes all performances, collateral performances (e.g. installation, placing and required briefing of employees) and additional expenses (in particular proper packing, shipping charges including

transport and other insurances, travel costs, etc.).

3. The Supplier has to take back packing material, empties and chargers on demand of the Purchaser or the Purchaser can return these at the expense of the Supplier.

4. Shipping documents (e.g. delivery notes, bills of parcels) have to be enclosed with the delivery. The ordering number and identification markings requested in the order, in particular barcodes, shall be indicated on all documents. At the latest on the day of shipping a delivery note (duplicate) considering the cleared goods has to be sent to the Purchaser. The Purchaser is not responsible for delays in processing or payment processing caused by missing or incomplete shipping documents.

5. The invoice (triplicate) has to be submitted without undue delay after delivery or, respectively, after the provision of the contractual performance. The ordering numbers and identification markings requested in the order by the Purchaser have to be indicated in the invoice.

6. The stipulated price becomes due within 10 (ten) calendar days after the end of the month in which the Purchaser has received the contractual Supplies as well as the respective invoice. In the event of payment within 5 (five) calendar days the Supplier grants 3% (three percent) discount of the net invoice price.

7. The Supplier is only entitled to a set off against claims of the Purchaser if the claims of the Supplier have been determined legally binding, the Purchaser recognized the claims or if the Supplier's claims are undisputed. The Supplier is also entitled to set off against claims of the Purchaser if he makes a complaint in respect of a defect of goods or if he asserts a counterclaim related to the same contract. As a buyer the Supplier is only entitled to perform his right of retention if his counterclaim is related to the same purchase contract.

8. The Supplier is not entitled to assign his claims arising from the contractual relation to a third party without the Purchaser's consent. The provision of § 354a HGB (German commercial Code) remains unaffected.

VII. Transfer of Ownership; Ownership Protection and Non-Disclosure; ; Purchaser Furnished Material; Supply of Spare Parts

1. The Supplier's retentions of title are only valid as far as they affect the Purchaser's payment obligations for the respective delivery to which the Supplier reserves the title of ownership. Particularly, extended or expanded retentions of title are excluded.

2. The Purchaser reserves all copy and proprietary rights to orders, requests as well as to drawings, illustrations, calculations, descriptions and other documents provided by the Purchaser. The Supplier is neither entitled to provide third parties with access to these nor to use or to duplicate these without the prior consent of the Purchaser. On the Purchaser's demand he shall return all documents completely, if these are not needed in the ordinary course of business or if negotiations do not lead to the conclusion of a contract. Copies made by the Supplier in any technical way have to be destroyed in any case; excepted is the record keeping within the scope of legal obligations as well as the storage of data as a back up as part of usual data storage practice. Additionally, the following provisions pursuant to XI (Protection Rights) and XIII (Nondisclosure) apply.

3. Manufacturing equipment and Purchaser furnished material such as forging dies, templates, matrices, models, samples, tools or material the Purchaser provided the Supplier with or which the Supplier produced for contractual purposes or charged separately remain property of the Purchaser or are passed on to his property. Possible processing, connection or intermixing (subsequent processing) of manufacturing equipment and Purchaser furnished material by the Supplier is done for the Purchaser; the same applies for subsequent processing of delivered goods by the Supplier, so that the Purchaser is considered as the manufacturer and becomes owner of the goods at the latest at the subsequent processing in accordance with the provisions of the law. The Supplier shall mark the manufacturing equipment and Purchaser furnished material as property of the Purchaser, treat them with care, protect them from damages of all kinds and insure them and only use them for contractual purposes. The parties each bear half of the expenses for maintenance, storage and possibly repair - unless agreed otherwise. As far as the expenses are caused by defects of the goods manufactured by the Supplier or improper use, these shall be borne by the Supplier; the Supplier

bears the burden of proof for a use complying with the contract. The Supplier will inform the Purchaser immediately about all not insignificant damages on the manufacturing equipment and the Purchaser furnished material.

4. The Supplier shall store the manufacturing equipment and the Purchaser furnished material in a way that the Purchaser is able to reach and use them at any time. On demand of the Purchaser the Supplier shall hand over the manufacturing equipment and Purchaser furnished material in a proper condition, if the Supplier no longer requires these for his Supplies under the contracts concluded with the Purchaser.

5. In any case the manufacturing equipment and Purchaser furnished material – also such that the Supplier manufactured or provided without direct contractual obligation for performance – shall be kept available for use for the spare parts requirement after completion of the last series production for the Purchaser as long as at least five aircrafts, in which the Purchaser's products are integrated which were manufactured under the usage of the Supplier's deliveries, remain in air traffic. During this period the Supplier has to provide the Purchaser on his demand with goods manufactured under the usage of the manufacturing equipment and Purchaser furnished material mentioned.

VIII. Defects Liability

1. In case of defects as to quality or legal defects, other breaches of the Purchaser's duty as well as for the commercial obligation of examination and notification of defects the provisions of the law apply, unless otherwise provided in the following.

2. All order related documents, such as drawings, descriptions, samples, specifications, acceptance conditions, etc., as well as the respectively applicable requirements of the domestic or foreign provisions of the law, regulations and directives, accident prevention regulations, VDE regulations and generally acknowledged rules of technology serve as an agreement about the quality structure of the products to be delivered or produced.

3. As far as the performance owed is an object of purchase the Purchaser holds rights for defect liability in derogation from § 442 para 1 clause 2 BGB (German Civil Code) to the full extent, even if he remained unaware of the defect due to

gross negligence at the conclusion of the contract.

4. The Purchaser's obligation of examination is restricted to apparent defects which can be visually identified at the incoming goods inspection including the shipping documents as well as at the quality control by random samples. Insofar as an acceptance is agreed upon, there is no obligation of examination.

5. The Purchaser's notice of defects is deemed to be in due time, if the Purchaser gives notice to the Supplier within a term of 10 (ten) working days as of the delivery receipt (visible defects) respectively the detection (hidden defects); the term extends customarily in special cases, particularly in current business relationships and deliveries of large volume.

6. In case of a defect the Purchaser is entitled to withhold a part of the price until the subsequent performance takes place. The withheld part of the price shall amount to a sum which takes the defect into account.

7. For the Supplier's subsequent performance the provisions of the law apply with the additional condition that the Purchaser himself or a third party can remedy the defect after the expiration of an appropriate time limit set by the Purchaser and demand compensation respectively an instalment for expenses incurred in this regard, unless the Supplier has the right to refuse the subsequent performance. The setting of a time limit is not required if the Supplier's subsequent performance failed or if it is unreasonable for the Purchaser – particularly due to special urgency, endangerment of operational safety or the imminent occurrence of disproportionate damages. The Supplier will notify the Purchaser of the occurrence of such circumstances immediately. In all cases of subsequent performance of the Supplier or the Purchaser the Supplier bears the expenses of the subsequent performance even if the deliveries in accordance to their intended use were placed at a location other than the destination given by the Purchaser.

8. The Supplier's expenses incurred with the examination and subsequent performance shall be borne by the Supplier even if it turns out that no defect existed. The Purchaser's liability for damages for unjustified requests for supplementary performance remains unaffected; this applies only if the Purchaser realizes or as a result of gross negligence did not realize that a defect did not exist.

IX. Statute of Limitations

1. Any mutual claims of the parties fall under the statute of limitations in accordance with the provisions of the law, unless provided otherwise in the following.

2. The limitation period for claims based on defects shall be three years from the passing of the risk in derogation from § 438 para 1 clause 3 BGB. As far as an acceptance is agreed the statute of limitation begins with the acceptance. The three years' limitation period applies accordingly for claims based on legal defects, whereupon the statutory limitation period regarding third party claims for restitution (§ 438 para 1 no.1 BGB) remains unaffected.

3. Notwithstanding the aforementioned paragraphs, claims based on legal defects do not fall under the statute of limitations as long as a third party can assert claims – particularly in the absence of limitation – against the Purchaser.

4. The limitation period of the German Law including the preceding extension apply – to the extent provided in the law – for all contractual claims based on defects. As far as the Purchaser holds claims based on noncontractual liability, the regular statutory limitation period applies (§§ 195, 199 BGB), unless the application of the limitation periods of the Sales Law provides longer limitation periods in particular cases.

5. As the Supplier receives the notification of defects the limitation of warranty claims is suspended until the Supplier rejects the claims, declares the defect as remedied or otherwise rejects the continuance of the negotiations of the claims regarding defects. With substitute deliveries and remedy of defect the warranty period for substituted or improved parts restarts, unless due to the Supplier's behaviour the Purchaser had to assume that the Supplier did not consider himself obligated for the measure and carried out the substitute delivery and remedy of defect only because of good will or other similar reasons.

X. Product Liability; Insurances

1. If the Supplier is liable for product damage the Supplier has to indemnify the Purchaser for any claims of compensation by third parties, as far as the cause of these claims lies within his sphere of control and organization and the Supplier is individually liable to third parties. Within his obligation to indemnify, the Supplier has to reim-

burse any expenses which result from or in connection with a claim from a third party including expenses from recall measures of the Purchaser. The Purchaser will inform the Supplier of the content and scope of any recall measures – where possible and reasonable – and give him the opportunity to respond. Further-reaching statutory claims remain unaffected.

2. Insofar as the Supplies contractually owed by the Supplier concern parts, which shall be installed in an aircraft according to the contract, the Supplier has to take out and sustain to an appropriate extent an extended aviation product liability insurance in addition to a liability insurance and a product liability insurance, in case the liability insurance and the product liability insurance do not cover the risk of the order.

3. On the Purchaser's demand the Supplier has to provide the Purchaser with a written confirmation of the existing insurance coverage.

XI. Protection Rights

1. If the Supplies of the Supplier infringe domestic or foreign property rights and if the Supplier is liable for such an infringement, he is obligated to hold the Purchaser and/or his buyer harmless against all claims which are asserted extrajudicial or by legal action. Furthermore, the Supplier has to compensate a damage of the Purchaser to the extent the buyer holds claims against the Purchaser.

2. The Supplier is not liable, insofar as his Supplies are made exclusively based on drawings, models and directions of the Purchaser and insofar as he did not know or did not have to know, respectively did not have to realise, that providing the Supplies is an infringement of rights as defined above.

3. On demand the Supplier will name all applications for property rights, which he uses in connection with his Supplies; if the Supplier observes an infringement of property rights or application for property rights, he must inform the Purchaser unrequested and without undue delay.

4. Further-reaching claims of the Purchaser based on legal defects of the Supplies remain unaffected.

5. To the extent that the Supplies consist in the provision of engineering-, development- or other intellectual performances, the Purchaser shall be

exclusively entitled to any protection rights resulting therefrom (in particular patents, samples, copyrights, business secrets). To the extent a transfer of the protection rights is legally permitted, the Supplier transfers these rights to the Purchaser upon their development respectively is obligated to ensure their transfer upon development. To the extent a transfer of the protection rights is not legally permitted, the Supplier transfers the exclusive rights of use and exploitation to the Purchaser. The Supplier has to notify the Purchaser of the development of intellectual property rights within the scope of the provision of the Supplies without undue delay. As far as an intellectual property right is subject to a registration, the Purchaser is entitled to the respective decision. The Supplier is obligated to notify the Purchaser without undue delay if the provision of the Supplies has led to the development of possible protection rights.

6. To the extent copyrighted work results (works) are generated for the Purchaser within the scope of the provision of the Supplies, only the Purchaser is entitled to these works. In particular, the Purchaser is entitled to save the works on media (vision-, data, sound carrier), to duplicate the works, to edit the works, to translate the works and to completely or partly use the edited or unedited works. The Supplier is allowed to use the works resulting from the provision of the Supplies for purposes other than the provision of the Supplies – also in excerpts – only with the consent of the Purchaser.

XII. Data Protection

The Purchaser is entitled to process data of the Supplier for own purposes and for purposes of affiliates and subsidiaries in compliance with the applying data-protection provisions.

XIII. Non-Disclosure

1. The Supplier is obligated to keep strictly confidential the conditions of the order as well as all information and documents in connection with this purpose (except for publicly available information) for a period of three (3) years after contract conclusion and to use it only for the execution of the order. On demand the Supplier will return these to the Purchaser immediately after settling enquiries or after completion of the orders.

2. Without prior consent of the Purchaser the Supplier is not allowed to advert to the business relationship in promotion material, brochures etc., and to exhibit Supplies produced for the Purchaser or to make these publicly available.

3. The Supplier will commit his subcontractors and employees accordingly to the aforementioned no.1. and no.2.

XIV. Final Provisions

1. These GPCs and all contractual relationships between the Purchaser and the Supplier are subject to the law of the Federal Republic of Germany excluding the international standard law, particularly the UN Sales Law. Conditions and effects of the retention of title are subject to the law of the country where the item is stored, as far as thereafter the choice of the German law is invalid or ineffective.

2. Place of venue for all – also international – disputes resulting from the contractual relationship is exclusively the place of business of PFW Aerospace GmbH at Speyer. The Supplier is also entitled to sue at the place of fulfilment.

3. If any part of these GPCs shall be invalid in whole or in part, the validity of the clauses remaining is not affected incidentally. Purchaser and Supplier obligate themselves in such a case to replace the invalid provisions with effective provisions that come closest to the invalid provisions in their economic intent.