

DG Aircraft Company: Manufacturer of High-Performance Sail-Planes

General Terms and Conditions / Effective as of January 2003

§ 1 Effective Conditions

(1) Our deliveries, service and maintenance, and sales offers to consumers are subject to the following business conditions. "Consumer", hereinafter referred to as "Purchaser", is understood to be any natural person who enters into a legal transaction for reasons which are neither related to his / her current or intended commercial or freelance employment, business or profession, but purely for his / her private use. These terms and conditions are legally binding for all present and future commercial activities. These conditions enter into effect before or, at the latest, upon completion of delivery. Acceptance of the merchandise constitutes acceptance of these terms and conditions.

(2) Deviations, obstacles, or supplementary general terms and conditions will not be accepted as part of this contract even if known; such additional or deviating terms and conditions must be expressly stated and agreed upon in writing.

(3) Divergent regulations may be contractually agreed upon in situations in which business transactions with companies, enterprises, clubs or associations are involved. Such divergent regulations must be agreed upon in written form. Should this not be the case, the following terms and conditions are binding and effective.

§ 2 Concluding the Contract

(1) Our offers are subject to change. Technical modifications, changes in shape, colour and / or weight are considered to be acceptable and reasonable.

(2) By placing an order, the Purchaser declares his / her legally binding intention to acquire the merchandise ordered. We reserve the right of acceptance of the contractual offer contained in the purchase order within two weeks after our receipt of same. This acceptance must be made in written or text form. The same conditions are effective for supplementary agreements, further agreements, or changes.

(3) Should the order be placed electronically, we shall confirm receipt as soon as possible, whereby this confirmation of receipt of order in no way represents acceptance binding upon us of said order. We shall store the contractual text data of such electronically placed orders in our computer system, and will send them to the Purchaser per Email complete with a copy of our general terms and conditions of sale upon request.

(4) Closing the contract is conditional upon proper and punctual delivery from our suppliers. This clause is only valid in cases of non-delivery for which we ourselves are not responsible, especially at the closing of a concurrent cover or security transaction with our supplier. The customer / Purchaser will be immediately informed of the non-availability of merchandise or of any delay in services. Executed considerations shall be repaid immediately.

§ 3 Prices

(1) Definitive are the gross prices stated in our confirmation of receipt. All prices are ex works, unless otherwise officially agreed upon in writing. Prices for purchases with delivery include additional appropriate shipping charges; these charges can be itemised if required by the Purchaser.

(2) We reserve the following right: By delivery after a period of four months from the date of closing the contract, prices are subject to change, to account for any cost adjustments which may have occurred in the meantime.

§ 4 Terms of Payment

(1) Our invoices are payable immediately upon receipt, no discounts. Failure to pay within two weeks of date of invoice results in the Purchaser being in default. We are not obliged to send a second invoice or a reminder. While in default, the

Purchaser is obliged to pay interest on arrears at an amount of 5% over the basic interest rate.

(2) We reserve the right to credit payments to outstanding accounts. Inasmuch as costs and interests have accrued, we reserve the right to credit payments first to outstanding costs, then to interest due, and finally to the principal amount owed for goods and services rendered. Regarding delivery of aircraft, the following additional condition applies: prepaid deposits are interest-free; the balance is immediately payable upon delivery, without discount. Should the customer not collect or pay for his ordered glider within 10 days after it is announced to be ready for delivery, a storage fee of 25,- Euro/day will be charged.

(3) Payments are first considered to have been received at that time when we have free access to the funds: checks cashed or credited to our account, Bills of Exchange, promissory notes, or drafts discounted and credited to our account.

(4) Should we, after entering into a contractual agreement, be made cognisant of facts leading to the conclusion that our right to prompt and complete payment may be in jeopardy due to partial or complete inability of the Purchaser to make payments, particularly when the Purchaser is in default with outstanding payments, discontinues payment, or when we receive information concerning circumstances leading to the conclusion that the Purchaser is a credit risk; in such or similar conditions, we reserve the right to demand immediate payment in cash for the entire outstanding sum, even if we have accepted checks or drafts, promissory notes or Bills of Exchange as forms of payment. Furthermore, we retain the right to claim payments in advance or security deposits and to extend these terms within a reasonable period of time, as appropriate.

(5) The Purchaser has the right to a set-off solely when his / her counter-claim has been legally established or has been recognised by us. The Purchaser can only put his / her right of retention into practice when his / her claims are based upon the same contractual relationship.

(6) In the case of a breach caused by the Purchaser of a closed contract, all costs accruing up to that point, including the loss of security deposit payments are to be carried by the Purchaser. Preliminary payments and / or deposits already made by the Purchaser will be returned to him / her within 30 days, after deduction of these accrued costs.

(7) Should the down payment or first instalment on an aircraft not be made within 30 days after forwarding the order confirmation, the right to the delivery of the aircraft bearing the factory number stated in the confirmation order is rendered null and void. Instead, an aircraft bearing a later factory production model number may be delivered.

(8) Repairs, material, accessories, delivery of spare parts, etc., are provided solely by means of pick-up and cash payment in full. We reserve the right to require full payment in advance for merchandise and postage and handling costs for purchases sent to the customer at his / her request.

§ 5 Reservation of Title Clause

(1) We reserve the right of title to our property until complete payment of all outstanding invoices and debts has been made. This right refers to all present and future costs incurred by the Purchaser. The Purchaser is obliged to handle the provisory goods with care. Inasmuch as maintenance and inspection work is required, the Purchaser is responsible for seeing that such work is carried out, and is required to carry the costs for this.

(2) Processing handling of provisory merchandise is to be carried out solely in our name, agreement with or as assigned by us. Should such processing or handling take place, involving items not belonging to us, we acquire joint ownership of the new item in direct relation of the value of the goods supplied by us to the additional items processed. The same condition applies to mixing or combining the provisory merchandise with other items not belonging to us.

(3) The Purchaser is legally bound to inform us immediately of any third-party access to or handling of our provisory

merchandise, such as in the case of seizure or attachment, as well as of possible damage or destruction of our provisory goods. In addition, the Purchaser is bound and obliged to inform us immediately of any change in ownership of the provisory merchandise, or of any change of address in his / her business premises. In the event of access to the provisory goods by third parties, the Purchaser is to remind or inform such third parties of our right of ownership title to our property.

(4) We reserve the right to withdraw from this contract and to demand the immediate return of our property, should the Purchaser violate the terms and conditions of this contract. We refer particularly to default in payment of outstanding debts, or to violation of the above-mentioned obligations outlined in the paragraph 3 of this agreement.

§ 6 Obligations and Interim Hazard Regulations

(1) The appointments and due dates named by us are non-binding, except when expressly stated otherwise in writing, and agreed upon by confirmation of the order.

The delivery period begins with the forwarding of the order confirmation. Should the Purchaser have obligations to fulfil such as acquiring the proper documentation, licenses, release forms or other paperwork, or should he / she not yet have made a down payment, the delivery period will not begin until these obligations on the part of the Purchaser have been fulfilled. The terms of delivery have been contractually observed when the goods purchased have left the factory premises or the Purchaser has been notified that his / her goods are ready for eminent shipping or pick up before or up to the date of expiration of the delivery period.

(2) We reserve the right to make partial deliveries of goods and services to the Purchaser, within reason.

(3) The danger of coincidental destruction and coincidental deterioration of the purchased goods is first transferred to the Purchaser upon completion of delivery to him / her, even in the case of deliveries by shipping. Delivery is completed even if the Purchaser is delayed in accepting the goods.

The merchandise can be insured for the duration of transport against theft, breakage, and damage resulting from transport, fire damage, water damage or any other damage. Such insurance coverage is to be requested additionally by the purchaser, and he / she shall carry the full costs for such coverage. Should the goods be picked up at the works site, the Purchaser has the obligation to inspect loading and shipping arrangements thoroughly. Should any loading deficiency or defect not be officially reported immediately, any damage or destruction occurring during transport shall be the full and complete liability of the Purchaser.

§ 7 Liability for Defects

Upon purchasing a new aircraft, the Purchaser and Vendor conclude an independent warranty contract. This contract supplements the official legal document and replaces the following regulations concerning liability for defects.

Additionally, the following terms are effective:

(1) Unless special features of the item purchased are contractually agreed upon, our sole liability is limited to appropriate and intended usage of the item purchased, as contractually agreed upon. Should errors or deficiencies occur when the item or items are used for the purposes intended in the contract, we are solely liable for defective performance in the item purchased when it has been utilised as intended and when it shows the same proven characteristics as usually present or expected during similar usage.

(2) Should a defect in an item purchased indeed be proven, the Purchaser may arrange for the defect to be repaired or may demand a defect-free replacement item (subsequent performance), bearing in mind our financial interests and keeping such demands and repair costs within reason.

(3) As we reserve the right to refuse the mode of reparation of subsequent performance chosen by the Purchaser, should this only be possible at unreasonably high costs, we offer to replace

the defective part or item when its value is not more than € 1000.00, or to repair the defect within a reasonable period of time. A reasonable period of time is understood to be 20 working days for subsequent improvements. Should such a period of time be financially unfeasible or unreasonable, subsequent performance will take place by delivery of a replacement.

(4) Should this subsequent performance fail, the Purchaser has the choice of reducing the purchasing price or withdrawing from the contract. The right to cancellation or withdrawal, however, is not reserved to the purchaser in cases of minor unfavourable circumstances involved in fulfilling of the contract, especially in cases of insignificant defects.

(5) Obvious manufacturer's defects in the item purchased must be reported to us in writing within a period of two months from the time the Purchaser should have established condition of the good/s not in compliance with the contract. The Purchaser is required to keep to the deadline of 2 months and to inform us in writing. Date of receipt of such written notice is decisive. Failure to inform us in writing within the deadline of two months after establishing the presence of a defect will result in the expiration of the right of the Purchaser to claim damages, unless we have maliciously failed to mention the defect in question. The Purchaser must prove the actual point in time of first noticing or establishing the presence of such a defect or deficiency.

(6) Should the Purchaser wish to claim against inaccurate statements made by the manufacturer, he / she must first prove that these aforementioned inaccurate statements caused him / her to purchase the item.

An intensification of liability or the assumption of special introductory obligation such as the granting of a guarantee or warranty is only effective when the terms "Guarantee" or "Warranty" are expressly mentioned and agreed upon in written form.

(7) Rights to claims for defects have a statute of limitations of two years from delivery date of the item purchased. For used goods purchased, this statute of limitations is limited to one year from date of delivery.

§ 8 Limitations of Liability

(1) By minor acts of negligence or breaches of duty, our liability is limited to predictable, typical, immediate damage particular to the type of goods being supplied. This is also valid for minor acts of negligence or breaches of duty caused by our legally employed representatives, or assistants, helpers or trainees.

(2) The above-mentioned limitations of liability do not apply to claims of the Purchaser regarding product liability. Furthermore, the limitations of liability do not apply to calculable physical injury or hazards to health; or to loss of life of the Purchaser, such risks as seen by us to be predictable.

§ 9 Closing Terms

(1) Business transactions between Vendor and Purchaser are under the jurisdiction of the Federal Republic of Germany, and shall be governed by German law. The terms of the UN purchase law are not applicable here.

(2) If the Purchaser has no general legal venue in Germany, or should his / her place of residence or usual location be unknown at the time of the filing of legal action, the sole exclusive legal venue for all disputes relating to this contract shall be our business premises.

(3) Even if individual terms of this contract with the Purchaser, including these general terms and conditions of business, should be or become partially or completely invalid or ineffective, this situation has no effect on the legally binding nature or validity of the remainder of the terms and conditions. The partially or completely ineffective or non-binding regulation, should one occur, will be replaced by a regulation approximating the original as closely as possible, with the intention of promoting successful business relations.

(4) Mutual location of performance is exclusive our business premises.