

**ITT AEROSPACE CONTROLS**  
28150 Industry Drive, Valencia, CA 91355  
**TERMS AND CONDITIONS OF PURCHASE**  
ITT AEROSPACE CONTROLS, LLC and its subsidiaries  
designated below as "ITT", places this order only upon the terms and conditions below:

1. **ACCEPTANCE:** This order becomes a binding contract upon the terms and conditions set forth herein when Seller accepts by executing and returning the attached acknowledgment copy within 10 days from date of order, or when Seller commences performance, whichever occurs first. Additional or different terms proposed by Seller are objected to and rejected, unless accepted in writing by ITT. No change in, modification of, or revision to this order shall be valid unless in writing and signed by ITT.
2. **DELIVERY:** a) All deliveries shall be made by Seller in accordance with FOB Destination / DDP Buyer's facility (Incoterms 2010) to ITT's facility at 28150 Industry Drive, Valencia, CA 91355 unless otherwise specified by the Buyer. Title to the items or services shall pass to the Buyer upon delivery thereof by Seller to Buyer's facility. Time is of the essence in the performance of this order. However, Seller shall not, without ITT's prior written consent, manufacture or procure materials in advance of Seller's normal flow time, or deliver in advance of schedule. In the event of termination or change, no claim will be allowed for any such manufacture or procurement in advance of such normal flow time, unless there has been such prior written consent. ITT may, at its option, either retain items received in advance of the delivery schedule or return them to Seller at Seller's risk and expense.  
  
b) **Delivery Delays.** Seller shall pay liquidated damages to ITT for a delay in the delivery of a product, component, or service. The amount of liquidated damages will be calculated from the first (1st) day of the delay until the day the Product, component, or service is received at ITT's facility. ITT reserves to the right, in its sole discretion, to provide a three (3) calendar day cure period to Seller prior to assessing the liquidated damages amount. The amount of the liquidated damages will be equal to 2% per day of the price of the delayed product, and will not exceed 20% of the delayed line item(s) total value. In addition, for delays lasting more than 20 calendar days, ITT shall have the right to claim from Seller additional damages that ITT incurs, or those that are flowed down from its own customers, due to the delay.
3. **PRICE WARRANTY:** Seller warrants that the prices for the items or services covered hereby are not less favorable than those currently extended to any other customer for the same or similar items or services in similar quantities. In the event Seller reduces its price during the term of this order, Seller agrees to reduce the price hereof correspondingly. Seller warrants that prices shown on this purchase order shall be complete, and no additional charges of any type will be added without ITT's express written consent. Such additional charges include, but are not limited to, shipping, packaging, labeling, custom duties, taxes, storage, insurance, boxing, crating.
4. **INSPECTION:** All articles are subject to inspection and test at place of manufacture or at destination or at both places by ITT representatives. ITT reserves the right to perform lot sampling inspections in accordance with MIL-STD-105 (issue in effect on date of this order) and to accept or reject material supplied hereunder on a lot basis.
5. **WARRANTY:** Seller expressly warrants that all supplies furnished hereunder will be fit for the purpose intended, will be free from defects in material and workmanship, will conform to all applicable specifications, drawings, samples and descriptions and unless of ITT's design, will be free from design defects, and will be merchantable and safe. Seller agrees to replace or correct defects of any supplies not conforming to the foregoing warranty promptly, without expense to ITT, when notified of such nonconformity by ITT. In the event of failure of Seller to correct defects in or replace nonconforming supplies promptly, ITT, after reasonable notice to Seller, may make such corrections or replace such supplies and charge Seller for the cost incurred by ITT. All warranties shall be construed as conditions as well as warranties and shall be in addition to all warranties implied by law. All warranties shall run to ITT, its successors, assigns and customers.
6. **REJECTIONS:** ITT reserves the right to reject and receive full credit for any article or articles which are defective as to material, workmanship, quality or otherwise or which are not in conformity with the specifications, drawings or the sample approved by ITT. Without extra cost to ITT, Seller will immediately, upon receipt of written instructions by ITT, replace all rejected material, including material damaged because of unsatisfactory packing by Seller. Rejected articles shall not be submitted for acceptance without concurrent notice of their prior rejection. Seller will be notified of defective material or material not in accordance with specifications of ITT and such material will be returned to the Seller, COLLECT.
7. **CHANGES:** ITT may at any time, by written notice and without notice to sureties make changes within the general scope of this order in any one or more of the following: (i) drawings, designs, or specifications; (ii) method of shipping or packing; (iii) place of inspection, acceptance or point of delivery; (iv) delivery schedule. Should any such change increase or decrease the cost of, or the time required for performance of this order, an equitable adjustment may be requested by Seller in the price, delivery schedule, or both. No claim by Seller for such an adjustment will be valid unless submitted to ITT within fifteen (15) days from the date of such change notice. Nothing contained herein shall excuse Seller from proceeding without delay in performing this order as changed.
8. **BANKRUPTCY-CANCELLATION:** ITT may cancel this order in whole or in part by written or telegraphic notice if: (1) The Seller shall become insolvent or make a general assignment for the benefit of creditors; or (2) a petition under the Bankruptcy Act is filed by or against the Seller. After receipt of notice of any such cancellation, the Seller shall transfer title and delivery to ITT satisfactorily completed work and such work in progress as may be directed by ITT. If the cost of completion is in excess of the contract price, then Seller shall be liable for such excess.
9. **TERMINATION CONVENIENCE OF PURCHASER:** ITT reserves the right to terminate this order or any other part hereof for its sole convenience. In the event of such termination, Seller shall immediately stop all work hereunder and shall immediately cause any of its suppliers or subcontractors to cease such work. Seller shall be paid a reasonable termination charge consisting of a percentage of the order price reflecting the percentage of the work performed prior to the notice of termination, plus actual direct costs resulting from termination. Seller shall not be paid for any work done after receipt of the notice of termination, not for any costs incurred by Seller's suppliers or subcontractors which Seller could reasonably have avoided.
10. **TERMINATION FOR CAUSE:** ITT may terminate this order or any part hereof for cause in the event of any default by the Seller, or if the Seller fails to comply with any of the terms and conditions of this order. Termination for cause shall include, but not be limited to, late deliveries, deliveries of products which are defective or which do not conform to this order, and failure to provide ITT, upon request, reasonable assurances of future performance. In the event of termination for cause, ITT shall not be liable to Seller for any amount and Seller shall be liable to ITT for any and all damages sustained by reason of the default which gave rise to the termination.
11. **FORCE MAJEURE:** ITT reserves the right at its option to either suspend shipments of materials covered by this order or to cancel this order, in whole or in part, at any time where such suspension or cancellation is caused by government order or other requirements, embargos, acts of civil or military authorities, acts of the public enemy, inability to secure transportation facilities, strikes differences with workers, accidents at plant of ITT, or Defense Materials Systems Priority Regulations, or other law or order or regulation or other contingency beyond control of ITT.

12. **TERMINATION SETTLEMENT FORMULA:** In the event of termination, cancellation or reduction of this order, except for default of the Seller, settlement of fixed price orders shall be made in accordance with Section 52.249-1 of the Federal Acquisition Regulations (issue in effect as of the date of this order). "Contracting Officer" means "ITT's Purchasing Representative", "Government" means "Seller".
13. **SET-OFF:** ITT shall have the right at any time to set-off any amount owing by Seller to ITT or any of its affiliated companies against any amount due and owing to Seller on this order.
14. **AUDIT INSPECTION OF RECORDS:** Seller shall keep adequate records of payable hours of direct labor and all costs of the performance of this order, which shall be subject to audit by ITT in the event of cancellation or with respect to any order for which the price is based on time and cost of material.
15. **NOTICE OF LABOR DISPUTES:** Wherever an actual or potential labor dispute is delaying or threatening to delay the performance of this order, Seller shall immediately give notice thereof to ITT.
16. **COMPLIANCE WITH FEDERAL, STATE, AND LOCAL LAWS:** Seller shall comply with all federal, state and local laws and regulations applicable to its performance of its obligations hereunder including (to the extent applicable and without limitation): Fair Labor Standards Act of 1938, as amended; Williams-Steiger Occupational Safety and Health Act of 1970, as amended; Walsh-Healy Public Contracts Act of 1970, as amended; and the equal employment opportunity and affirmative action clauses prescribed by statute, (Public Laws 90-202, 93-112, 92-540, 95-507) executive orders (11246, 11375, 11625, 11701, 11758) and regulations regarding race, color, religion, sex, age, national origin, physical or mental handicap, veteran status, small business, small disadvantaged business, and women-owned business concerns.
17. **INDEMNIFICATION:** Seller shall defend, indemnify and hold harmless ITT against all damages, claims or liabilities and expenses (including attorney's fees) arising out of or resulting in any way from any defect in the goods or services purchased hereunder, or from any act or omission of Seller, its agents, employees or subcontractors. This indemnification shall be in addition to the warranty obligations of Seller.
18. **PATENT INDEMNITY BY SELLER:** Seller agrees to defend and hold harmless ITT, its customers and those for whom ITT may act as agent, from all loss or damage (including attorney's fees) by reason of any and all actions or proceedings charging infringement of any patent, trademark or copyright by reason of sale or use of any merchandise furnished hereunder, except merchandise furnished hereunder, except merchandise for which ITT furnished complete specifications.
19. **TITLE TO NEW INVENTIONS:** If this is a non-government order for experimental, developmental or research work, Seller hereby assigns to ITT all right, title and interest for the entire world in and to any invention conceived or first actually reduced to practice during performance of this order. Seller will promptly furnish ITT written disclosure of any such invention and cause to be executed and acknowledged any document required to secure patent protection therefore.
20. **CONFIDENTIAL RELATIONSHIP:** Seller agrees to treat as strictly secret and confidential all specifications, drawings, blueprints, nomenclature, samples, models and other information supplied by ITT. Unless the written consent of ITT is first obtained, Seller shall not in any manner advertise or publish or release for publication any statement mentioning ITT or the fact that Seller has furnished or contracted to furnish to ITT articles required by this order, or quote the opinion of any employee of ITT. The Seller shall not disclose any information relating to this order to any person not entitled to receive it.
21. **TOOLS, MATERIALS AND INFORMATION:** If any designs, sketches, drawings, blueprints, patterns, dies, molds, tools, gauges, equipment, or special appliances should be made or procured by Seller especially for producing the product covered by this order, then unless otherwise provided, immediately upon manufacture or procurement they shall become the property of ITT. Unless otherwise provided on the face of this order or Supplement or Change Order, any proprietary information, or materials, designs, tools, patterns, molds, dies, fixtures, etc., furnished by and/or paid for by ITT shall become and/or remain the property of ITT, shall be identified as property of ITT, shall be held by Seller on consignment at Seller's risk, shall be used exclusively in the production for ITT of products required by this order, shall be subject to disposition by ITT at any and all times and, upon demand, they shall be returned to ITT.
22. **ASSIGNMENTS AND SUBCONTRACTS:** This order shall not be assigned or transferred without prior written consent of ITT. Seller agrees that it will not subcontract the furnishing of any of the completed or substantially completed articles required by this order without prior written approval of ITT.
23. **ENTIRE AGREEMENT:** This order, and any documents referred to herein, contain all the terms and conditions of these transactions and no agreement or other understanding in any way modifying the conditions hereof shall be binding unless made in writing as a change order or supplement and signed by ITT.
24. **ADDITIONAL CLAUSES APPLICABLE TO GOVERNMENT CONTRACTS:** If this order is issued pursuant to a U.S. Government Contract or Subcontract, then the additional terms and conditions set forth in the ITT form entitled "ADDITIONAL CLAUSES APPLICABLE TO GOVERNMENT CONTRACTS", a copy of which is attached hereto and incorporated herein, shall apply.
25. **WAIVER:** Failure of ITT to insist upon strict performance of any of the conditions of this order shall not constitute a waiver of such conditions or a waiver of any default.
26. **ITT RIGHT TO USE INFORMATION DISCLOSED BY SELLER:** If incidental to the performance of this order, Seller shall disclose to ITT any information concerning the Seller's products, manufacturing methods or processes, then unless otherwise expressly agreed in writing, ITT shall have the right to use such information for any purpose. No patent license is implied hereby.
27. **INTERPRETATION AND JURISDICTION:** This purchase order shall be construed and interpreted solely in accordance with the laws of the State of California. Seller hereby consents and submits to the jurisdiction of the appropriate courts in the State of California for adjudication of any question of law arising hereunder.
28. Seller certifies and represents that he has complied with government rules and regulations issued under the Toxic Substance Control Act (PUBLIC LAW 94-469), and will defend, indemnify and hold harmless purchaser from and against any and all claims, losses, damages, costs and expenses resulting from or arising out of any failure to so comply with said act.
29. **Exclusivity; Prohibition of Unauthorized Subcontracting:** Seller agrees not to solicit business directly from Buyer's customers for the Products or Services covered by this Agreement. If Seller is solicited directly by customers of Buyer, Seller shall notify Buyer immediately of this fact. Seller shall also notify Buyer prior to making any formal response to any of Buyer's customers. Under no condition shall Seller subcontract with or hire the services of any individual or entity not a party to this Agreement to perform any of Seller's responsibilities under this Agreement, without notifying Buyer in writing beforehand and obtaining Buyer's written prior approval. In the event of any approved subcontracting, Seller shall remain primarily responsible for the performance of obligations which it subcontracted hereunder and shall reasonably supervise such work.