

Terms and Conditions of Service

1. **OFFERS; ENTIRE AGREEMENT.** These Terms and Conditions of Service shall apply to all offers made by ITT Aerospace Controls, LLC.. ("ITT"), in any medium, for ITT's offered services ("Services"). Any purchase order or similar instrument placed by a Customer that is accepted by ITT ("Order") is expressly conditioned upon full applicability of these Terms and Conditions of Service, to the exclusion of any other terms and conditions, including, but not limited to, any standard terms and conditions of Customer or any terms stated on a Purchase Order (or "Order"). Customer's unconditional acceptance of these Terms and Conditions of Service shall be inferred by Customer's issuance of an Order. Issuance of a Service Order acknowledgement or provision of Products by ITT shall not constitute acceptance of any of Customer's terms and conditions. Regardless of whether these Terms and Conditions are referenced in an Order, all Orders accepted by ITT shall be governed by these Terms and Conditions of Service and shall constitute the entire agreement of the parties. These Terms and Conditions of Service supersede any prior written or oral agreements or understandings and shall not be supplemented by any prior course of dealing, course of performance or usage of trade. No modification hereof shall be valid unless in writing and duly signed by a person authorized by ITT.

ITT will acknowledge receipt of these Purchase Orders within 48 hours after arrival at its facilities. Customer shall provide ITT all documents and supply all information, which is necessary to establish the extent of the services required. This includes but is not limited to:

- Service Order for work described in the work scope.
- Work Scope (eg. Test & Re-certification, Minor or Major repair service as necessary to the applicable CMM or other approved documentation.)

With re-delivery of Product to Customer, ITT shall provide all proper EASA/FAA documentation and export licensing, as required and available.

2. **PRICES.** Prices quoted by ITT are for specific work stated and are firm for 30 days. Quoted prices are based on known requirements at the time of offer. Prices are exclusive of any taxes and do not include charges for transportation or any special requirements related to transportation, special packaging or marking, testing, reports or inspection.

3. **SHIPMENT.** Shipping terms are Ex Works-ITT's Facility (INCOTERMS 2010 EXW) unless otherwise specified. Risk of loss and title for Products shall transfer when Products are made available for Customer to collect. In the absence of specific instructions, ITT will select the carrier. Products held for Customer, or stored for Customer, shall be at the sole risk and expense of Customer.

4. **PAYMENT TERMS.** Advance payment is required until Customer has received credit approval from ITT. Upon credit approval, payment terms are net 30 days from date of invoice. ITT reserves the right to require payment in advance or COD or otherwise modify credit terms at any time. No prompt payment discounts shall apply to any Order. ITT reserves the right to refuse shipment or delivery or performance of work except upon receipt of payment or satisfactory credit terms without any liability to ITT. For partial shipments, payments shall become due in accordance with the designated terms of the invoice. Where Customer requests postponement or delay of any shipment for more than thirty (30) calendar days, payment will become due thirty (30) calendar days after notice to Customer that Products are ready for shipment. All payments shall be made using wire transfer in United States Dollars (USD).

5. **TAXES.** Unless prohibited by statute, Customer agrees to pay ITT the amount of any Federal, State, City, or other tax import or export duty, tariff, or

customs charge levied by any jurisdiction either inside or outside the United States which ITT may be required to pay for the Services provided herein. ITT with a tax exemption certificate approved by the applicable taxing authority, ITT agrees to exclude any such exempted taxes from its invoice.

6. **CUSTOMER TURN AROUND TIME (TAT).** A total of 15 or 30 days (component specific) or less of throughput time will be guaranteed. Exchange units may be used to ensure TAT (if necessary).

The TAT begins with the arrival of the component including the RMA, documents, work scope and Service Order and ends when the component is ready for dispatch at ITT. The TAT assumes no delays for Customer estimate approval for components not included in agreement or having no Flat Rate Price Available at the time of signing.

ITT shall not be liable for exceeding the TAT due to causes beyond its control, acts of civil or military authority or acts of God or public enemy, export restrictions and licenses that are beyond its control and without ITT's fault or negligence ("Force Majeure Event").

Delivery dates are approximate and are based on timely receipt of all necessary material and/or information from Customer, where applicable. ITT will notify Customer if conditions arise that would prevent compliance with delivery schedules. Customer

Should Customer not approve a work order for repair within 30 calendar days of the work order being sent, ITT shall request from Customer a response to the following options 1) the item to be returned to Customer or 2) ITT will scrap the unit for Customer,. Both shall be at Customer's expense. If no response is provided to ITT by Customer within 10 business days of said request it shall be at ITT's option, to return or scrap the unit, with no recourse from Customer. ITT shall invoice Customer for all corresponding costs regarding the item which Customer shall pay in 30 days of receipt.

7. **EXCHANGE POLICY.** In the case that Customer is AOG (Aircraft on Ground) for a component, which is still in process at ITT, an exchange unit from ITT inventory may be provided, subject to availability. An exchange fee of 5% of the then current catalog price - will be applied in this case. If the AOG situation is due to ITT exceeding the normally agreed upon TAT, the exchange fee will be waived.

8. **INSPECTION AND ACCEPTANCE.** Customer will conduct prompt inspection of all delivered repaired Products and will immediately notify ITT of an identified non-conformance. All Products shall be deemed accepted by Customer unless ITT receives written notice of rejection within thirty (30) calendar days from date of shipment. Whenever ITT agrees to Customer-conducted source inspection, Products shall be accepted or rejected by Customer prior to shipment. ITT shall be given a reasonable amount of time to review any non-conformances identified by Customer. Payment of any invoice for Products shall be interpreted as acceptance of the Products referred to in the invoice. Customer will be responsible for all costs incurred by ITT attributed to any rejection that ITT reasonably determines as improper. If ITT confirms the asserted non-conformance, ITT agrees to repair or replace the Products, at ITT's sole discretion. Customer's remedies under this Section 8 are exclusive and lieu of all other remedies available under these Terms and Conditions or at law related to rejected Products.

9. **WARRANTY; DISCLAIMER. (a) Standard Warranty:** ITT warrants that at the time of shipment the Products designed and manufactured by ITT will conform to ITT's applicable drawings or specifications (or applicable drawings or specifications approved by ITT in writing) and will be free from

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defects in material and workmanship for twelve (12) calendar months from the date of shipment. ITT's standard warranty is void for any product subject to misuse, neglect, accident, improper storage, installation or maintenance, repair or alteration other than by ITT, or for Products used in violation of instructions furnished by ITT. Components purchased by Customer from any supplier other than ITT shall bear only the warranty given by the manufacturer of that product; ITT assumes no responsibility for the interface of its product(s) with any other product.

(b) Disclaimer of Other Warranties: THE FOREGOING WARRANTY IS IN LIEU OF AND EXCLUDES ALL OTHER EXPRESSED OR IMPLIED WARRANTIES OF MERCHANTABILITY, DESIGN, TITLE, FITNESS FOR A PARTICULAR PURPOSE, CONFORMANCE TO GOVERNMENT SPECIFICATIONS OR PROCUREMENT STANDARDS, WARRANTIES IMPLIED BY USAGE IN TRADE OR COURSE OF DEALING, OR OTHERWISE.

10. CANCELLATION. Should Customer cancel A Service Order wholly or partially by written notice which must be received by ITT prior to the scheduled delivery date. For any such cancellation, Customer shall (a) reimburse ITT in full for all direct and indirect costs, settlements with suppliers, and administrative, accounting, and legal costs and fees associated with such cancellation and (b) may be required to pay an additional cancellation charge of 20% of the quoted repair cost. ITT will notify Customer of the amount owed, which amount shall be immediately due and payable to ITT.

(i) PRODUCTS AND/OR SERVICES WITH NON-RECURRING COSTS. For all Products whose price contains non-recurring or amortized costs, or for non-recurring services, Customer must pay ITT a cancellation charge comprised of the direct and indirect costs as well as the entire portion of the non-recurring or amortized cost and potentially the above referenced cancellation fee.

11. LIMITATION OF LIABILITY. ITT SHALL NOT BE LIABLE FOR ANY DAMAGES CAUSED BY A DELAY IN PERFORMANCE. ITT WILL NOT BE LIABLE FOR ANY SPECIAL, INCIDENTAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES, OR FOR LOSSES, DAMAGES, OR EXPENSES DIRECTLY OR INDIRECTLY ARISING FROM SERVICE, OR REPAIR OF THE PRODUCTS, OR ANY INABILITY TO USE THEM EITHER SEPARATELY OR IN COMBINATION WITH ANY OTHER EQUIPMENT OR MATERIAL, OR FROM ANY OTHER CAUSE. CUSTOMER AND ITT AGREE THAT IN NO EVENT WILL ITT BE LIABLE FOR ANY AMOUNT IN EXCESS OF THE CONTRACT PRICE OF THE PRODUCT GIVING RISE TO THE LIABILITY. THE REMEDIES PROVIDED FOR HEREIN SHALL CONSTITUTE THE SOLE RECOURSE OF CUSTOMER AGAINST ITT FOR ANY ALLEGED BREACH OF ITT'S OBLIGATIONS UNDER THE CONTRACT WITH CUSTOMER, WHETHER SUCH CLAIM IS MADE IN TORT OR IN CONTRACT, INCLUDING CLAIMS BASED ON WARRANTY, NEGLIGENCE OR OTHERWISE.

12. DEFAULT. If Customer breaches a material provision of the Order, including any provision of these Terms and Conditions, then ITT has the right to terminate the Order. ITT will submit a written notice to Customer advising of the breach and Customer will have five (5) calendar days from delivery of the notice to cure the breach. If Customer does not cure the breach within the five (5) day period, ITT may terminate the Order in addition to its other rights or remedies.

13. COMPLIANCE WITH LAWS. ITT shall comply with all federal, state, and local laws and regulations applicable to performance of its obligations hereunder including [to the extent applicable and without limits on]: Fair Labor

Standards Act of 1938, as amended, Williams Steiger Occupational Safety and Health Act of 1970, as amended, Walsh-Healey 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 (1124B, 11375, 11825, 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.

14. EXPORT COMPLIANCE. (a) Proof of Export: Any items Serviced by ITT are controlled by the U.S. Government and authorized for export only to the country of ultimate destination for use by the ultimate consignee or end-user(s) herein identified. They may not be resold, transferred, or otherwise disposed of, to any other country or to any person other than the authorized ultimate consignee or end-user(s), either in their original form or after being incorporated into other items, without first obtaining approval from the U.S. Government or as otherwise authorized by U.S. law and regulations.

(b) License and Permit Requirements: ITT will execute all export licenses and permits required by the United States Government, and Customer will furnish reasonable cooperation in acquiring such licenses and permits. If such licenses and permits are not paid for by Customer, such payments will be added to the contract price. Customer will secure all licenses and permits required by any foreign government, and ITT will furnish reasonable cooperation in acquiring such licenses and permits. The delivery schedule is contingent upon securing all necessary licenses and permits. Failure to obtain a required license or permit in sufficient time to permit delivery within the time set forth in the contract, and without fault or negligence of the contracting parties, shall occasion an equitable adjustment in the delivery schedule. Customer shall pay for any import and/or export costs associated with the Service or Repair of the Product. If I agreed that if Customer ships any items for Service or Repair duty not cleared ITT shall advise that the shipment is rejected and to be returned to place of shipment origin.

15. QUALITY ASSURANCE. ITT's Quality Assurance System complies with ISO9001:2008 and AS9100 standards.

16. DISPUTES. Any dispute arising out of or relating to this Agreement shall be resolved in accordance with the following:

(a) Negotiation Between Executives. The parties shall first attempt to resolve any dispute arising out of this Order by prompt negotiation between executives who have authority to settle the matter.

(b) Binding Arbitration. Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

The place of arbitration shall be Los Angeles, CA, USA. Hearings will take place pursuant to the standard procedures of the Commercial Arbitration Rules that contemplate in person hearings. The arbitrators will have no authority to award punitive or other damages not measured by the prevailing party's actual damages, except as may be required by statute. The arbitrator(s) shall not award consequential damages in any arbitration initiated under this section. The standard provisions of the Commercial Rules shall apply. Arbitrators will have the authority to allocate the costs of the arbitration process among the parties, but will only have the authority to allocate attorneys' fees if a particular law permits them to do so.

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(c) **Interim Relief.** Nothing herein shall affect either party's right to apply to a court of appropriate jurisdiction for interim relief.

(d) **Service.** The parties hereto irrevocably agree to accept service of process by registered mail, postage prepaid, or by personal service, on an officer or registered agent of the party, within or without the State of California, or in any other manner permitted by law.

17. **ETHICS AND VALUES.** ITT is committed to performing with the highest level of ethical standards and knows that how we perform is just as important as what we accomplish. This is reflected in our Code of Conduct, available at <http://itt.com/newsroom/publications/code-of-conduct>.

18. **CONFIDENTIALITY.** Customer and ITT agree to keep confidential and protect from unauthorized use and disclosure all confidential, proprietary and trade secret information, all tangible items containing or conveying this information, and all information derived from this information, including, but not limited to, cost and pricing data ("Proprietary Information"), obtained, directly or indirectly, from the other in connection with any offer or Service. Customer may use Proprietary Information only as absolutely necessary as required to evaluate, install, use, maintain and support the Products delivered by ITT. Customer may disclose Proprietary Information to its employees only as necessary for these purposes. In no event may Customer disclose Proprietary Information to any third party. Customer must also keep confidential and not disclose to any other entity the terms of any offer or Order.

19. **ASSIGNMENT.** Neither Customer or ITT shall assign this Agreement or any of its rights, benefits, duties or obligations under this Agreement to a third party without the written consent of ITT.

20. **NON-WAIVER.** No failure or delay by ITT to enforce any provision of this Order shall not constitute a waiver of such provision or prejudice the right of ITT to enforce such provisions at any subsequent time.

21. **GOVERNING LAWS.** The terms of this Agreement and all rights and obligations hereunder shall be governed in accordance with the laws of the State of New York, U.S.A., without giving effect to any rules governing conflicts of law. Customer hereby consents and submits to the jurisdiction of the appropriate courts in the State of New York for adjudication of any question of law or fact arising hereunder.

22. **STATUTE OF LIMITATIONS.** Customer agrees that any action for an alleged breach of this Agreement must be commenced within one (1) year after the cause of action has accrued, without regard to the date the breach is discovered. Any action not brought within this one (1) year time period shall be barred, without regard to any other limitations period set forth by law or statute.

23. **ADDENDUM FOR INDUSTRIAL PRODUCTS.** If ITT has offered to Customer an applicable addendum containing additional terms and conditions for specific industrial products, any such addendum will be clearly identified on ITT's offer and incorporated into and interpreted along with these Terms. In the event of any conflict, the addendum terms shall prevail.