

**AEROCONTROLEX, A DIVISION OF AEROCONTROLEX GROUP,
STANDARD CONDITIONS OF SALE**

AEROCONTROLEX, A DIVISION OF AERONCONTROLEX GROUP INC. (hereinafter referred to as "AeroControlex") proposes to furnish the Purchaser the products (hereinafter termed "Products"), subject to the following terms and conditions.

1. **DELIVERY:** Unless otherwise agreed, AeroControlex will furnish its Products f.o.b. its factory. Delivery to the transporting carrier shall constitute delivery to the Purchaser, and transfer of title subject to the provisions of paragraph 2, below.

If shipment or any other act or condition affecting payment shall be delayed on account of Purchaser, payment shall become due when Purchaser is notified that AeroControlex is ready to ship, and the product shall thereafter be held at Purchaser's risk and expense. If partial shipments are made, proportionate payments shall become due and payable on the partial shipments.

The specified shipment is subject to any delay on the part of the Purchaser in supplying AeroControlex with necessary data, or approved drawings as may be required, or any changes therein at the Purchaser's instance, and to delays due to causes beyond AeroControlex's reasonable control, including, but not limited to, acts of God, or acts of Purchaser, fires, floods, strikes, accidents, wrecks, delays in transportation, embargoes, car shortages, acts of civil or military authority, compliance with priority orders or preferred ratings issued by the U.S. Government, delay by supplier of material, shortages of material, unusually severe weather, or any inability to obtain necessary labor, materials or manufacturing facilities due to any such causes; and in the event of delay due to any such cause the time specified for shipment or completion shall be extended during the continuation of such delay and a reasonable time thereafter to allow for shipment or completion. If changes in specifications or drawings are made at the instance of the Purchaser and accepted by AeroControlex, AeroControlex shall be entitled to an equitable adjustment in the price, delivery date, or both.

Delivery dates are approximate. Delivery dates and prices are based on prompt receipt of orders by AeroControlex and all information necessary to permit AeroControlex to proceed with work immediately and without interruption and satisfactory assurance of compliance with the terms of payment agreed upon. Prices will be subject to adjustment in accordance with the provisions of the annexed price adjustment clause, if any.

2. **TITLE:** Without relieving the Purchaser from obligation to make payment as provided for and without reference to the form of invoice that may be used by AeroControlex it is agreed that title, to the extent of a security interest in the Products furnished is reserved in AeroControlex until the purchase price (including any extensions of payment whether evidenced by note or otherwise) shall have been fully paid in cash, and the Products shall remain personal property whatever maybe the mode of its attachment to realty or other property until fully paid for in cash; and the Purchaser agrees to perform all acts which may be necessary to perfect and assure retention of title in AeroControlex as aforesaid. In case of failure by the Purchaser to make any payment when due it is expressly understood that it shall be optional with AeroControlex to take exclusive possession of the Products wherever found and remove same without legal process, all at the expense of the Purchaser. In the event of default by Purchaser, the amount of damage to AeroControlex being substantial and difficult or impossible to ascertain, it is hereby agreed that any payments which may have been made to AeroControlex shall be retained by it as liquidated damages without prejudice to its right of recovery for further damage it may suffer from any cause arising out of such default.

3. **STANDARD WARRANTY:** AeroControlex warrants that the Products will be free from defects in title, and so far as of its own manufacture, will conform, in the manner herein provided, to the applicable specifications which are made a part hereof, and will be free from defects in material and workmanship, and should any part of it be found, when properly installed, maintained and used under

specified service conditions, within one year after date of notification of completion at AeroControlex's plant or shipment by AeroControlex, whichever is the earlier, to have been defective or nonconforming with the specifications. AeroControlex will repair or replace said part f.o.b. its factory provided the original part is returned to its factory provided the original part is returned to its factory transportation prepaid and AeroControlex inspection reveals it to have been defective or nonconforming within the terms of this warranty. No device or part shall be returned without giving prompt notice of nonconformance or defect to AeroControlex and obtaining its prior written authorization. AeroControlex shall in no event be held liable for damage or delay caused by nonconformance or a defect in material or workmanship, and no allowance will be made for repairs or alterations unless made with its written approval. Purchaser, or any user claiming through Purchaser, assumes all liability for the consequences of the use or misuse thereof by itself, by its employees, or by others.

Equipment and accessories not of our manufacture are warranted only to the extent of the original manufacturer. AeroControlex shall not be liable for damage of any kind resulting from erosive, corrosive or other harmful action of any gases, liquids or any other substance handled by the Products. The foregoing is in lieu of all other warranties by, and obligations or liabilities of, AeroControlex or its representatives, whether express, implied, or statutory, and SINCE THE PRODUCTS ARE THE SUBJECT OF SPECIFICATIONS AS AFORESAID, NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE IS APPLICABLE.

4. **INSURANCE:** Fire and extended coverage insurance in an amount sufficient to protect AeroControlex interest in the Products is to be obtained from and maintained with an insurer satisfactory to AeroControlex by and at the expense of the Purchaser from the time of delivery until the Products have been fully paid for in cash. The Purchaser shall assume and be fully responsible for and shall indemnify AeroControlex against all losses resulting from any cause that may not be covered by insurance.

5. **TAXES:** The Purchaser shall pay to AeroControlex in addition to the purchase price, the amount of any excise, sales, privilege, use or any other local, state or federal tax which is payable by AeroControlex because of the acceptance of any order or the sale, delivery, installation, or use of the Products covered hereby.

6. **SPECIFICATIONS:** Any AeroControlex specifications referred to herein, or annexed hereto, are a standard form covering Products substantially identical in type and character to that purchased, but there may be variations therefrom in the details of design and construction of any particular Product. The provisions in the specifications are descriptive and are not to be construed as warranties. AeroControlex reserves the right to make such changes in details of design and construction as shall, in its judgment, constitute an improvement over such former practice as may be shown or described in the specifications. AeroControlex does not supply detailed or shop working drawings of its Products. AeroControlex may make such technical changes in or to the Products or the process of their manufacture as it may deem appropriate, provided that such changes do not affect the form or impair the fit or function of the Products. AeroControlex shall have the authority to perform material review actions on the Products. Products that do not meet all specifications may nonetheless be approved by AeroControlex's material review board, if the board determines that the deficiencies do not affect the form or impair the fit or function of the Products.

7. **PATENTS:** AeroControlex shall indemnify the Purchaser for any liability the Purchaser may incur because of claims of infringement of United States apparatus patents by the Products manufactured by AeroControlex. The Purchaser shall indemnify AeroControlex for any liability AeroControlex may incur because of claims of infringement of United States process patents in the use of the Products furnished hereunder.

8. CANCELLATION: This purchase order may not be terminated.

9. EMERGENCIES: For contracts or orders with a price of \$200,000 or more and/or for development contracts of a special nature, where AeroControlex's performance or completion of such contracts or orders is delayed or suspended for a protracted period, directly or indirectly, as the result of war, national emergency, federal or state statute, government rules or regulations, priority controls, defense efforts, or any like cause (as distinguished from the normal delays in manufacturing caused by factors beyond the control of the manufacturer, such as strikes, fires, traffic embargoes, etc.) either AeroControlex or the Purchaser, at any time after the end of the 180 days following the start of such delay or suspension, may terminate the contract or order upon 10 days written notice to the other and upon the giving of such notice the Purchaser shall pay AeroControlex for all costs and expenses incurred and commitments made in connection with performance to the date of such suspension, plus a reasonable profit thereon. Title to all material paid for by Purchaser shall thereupon vest in the Purchaser, and shall thereafter be held at Purchaser's risk and expense. In the event that the contract or order has not been so terminated, AeroControlex will promptly after the cessation of the cause of such delay or suspension, notify the Purchaser of the revised shipping schedule and proceed with performance in accordance therewith.

10. LIMITS OF LIABILITY: The remedies, guaranties, and warranties, provided herein are in lieu of any remedies, guaranties, indemnities, conditions or liabilities, either express or implied arising by law or otherwise. Upon the expiration of the warranty period expressly set forth herein, all liability for claims not asserted theretofore against AeroControlex shall terminate.

The liability of AeroControlex Group in respect of all damages, losses, costs or expenses whether suffered or incurred by Purchaser or any third party arising in any manner, incident or related to this contract or the performance hereunder shall be limited in the aggregate to the actual price paid by Purchaser to AeroControlex.

Notwithstanding anything to the contrary, AeroControlex shall not be liable to Purchaser or Purchaser's customers or any third party for special, punitive, incidental or consequential damages of any kind or character including without limitation the loss of use of the Product or associated equipment, damage to associated equipment, loss of profit or revenue, cost of replacement power, downtime costs or claims of Purchaser's customers or others for any such damages which might arise under this contract or otherwise, regardless of whether such damages are based upon contract, tort, strict liability in tort, negligence or indemnity.

11. LAWS AND REGULATIONS: The Products to be produced by AeroControlex and delivered hereunder will be produced in compliance with the Fair Labor Standards Act of 1938 as amended, when applicable. AeroControlex will comply with federal, state and local laws, orders and regulations applicable to it as of the date of its quotation. AeroControlex shall be responsible for compliance with the requirements and standards of OSHA or any similar law, only to the extent that they apply to the Products themselves and are sufficiently specifically identified in the order to AeroControlex's satisfaction and accepted by it in writing. Price and delivery shall be subject to adjustment to compensate for compliance by AeroControlex with any other laws, orders, regulations or requirements. The Purchaser agrees that the Products will be used only in accordance with all applicable laws, rules and regulations and the Products will not be exported from the United States except in compliance with the Arms Export Control Act, the rules and regulations thereunder and any licenses or other approvals that may have been or that may be issued to the Purchaser thereunder.

12. **ATOMIC ENERGY USE:** The Purchaser represents that the Products being supplied hereunder are to be used for a purpose other than in, or in any way related to, the creation, handling, or use of atomic energy or any activity associated therewith, and AeroControlex Group shall not be responsible to the Purchaser or any third party should the Products be used otherwise than as represented or for such purpose, in which event the Purchaser shall indemnify and hold AeroControlex Group free and harmless of any and all costs and damages.

13. **GENERAL:** All of the above provisions, together with those set forth in the AeroControlex form to which this is annexed, and such others as may be accepted by AeroControlex in writing, all of which are accepted by Purchaser and supersede Purchaser's order form, if any, shall be and constitute the entire agreement for the sale of the Products. Any terms and conditions in any writing pertaining to the sale of the Products irrespective of its wording or of when received by AeroControlex which are inconsistent with, or add to, the terms and conditions hereof, will not be acceptable or become a part of the contract without AeroControlex's written consent signed by its duly authorized representative. Commencement of performance or shipping shall not constitute acceptance of any such inconsistent or added terms and conditions. Any representation, promise, course of dealing, or trade usage, not contained or referenced herein, will not be binding on AeroControlex. No modification, amendment, rescission, waiver, or other change shall be binding on AeroControlex unless agreed to in writing by AeroControlex.

ALL ORDERS ARE SUBJECT TO ACCEPTANCE BY AEROCONTROLEX, AT ITS HOME OFFICE, AND NO ORDER SHALL BE BINDING UPON AEROCONTROLEX UNTIL SO ACCEPTED.