

## GENERAL TERMS AND CONDITIONS OF SALE

### ITT Cannon, LLC

(Designated Herein As ITT or Seller.)

- 1. ENTIRE AGREEMENT.** ITT's Terms and Conditions of Sale shall apply to all Orders and obligations negotiated between the Parties. These terms supersede any prior written or oral agreements or understandings, or any preprinted or standard terms on any purchase order, invoice, acknowledgement, or similar document exchanged between the parties, and shall not be supplemented by any previous course of dealing, performance, or usage of trade. Buyer's assent to ITT's Terms and Conditions of Sale as set forth herein shall be, within three (3) days from receipt hereof, conclusively presumed from either Buyer's failure to object in writing or acceptance of any or all of the products ordered. ITT's acknowledgement of the Buyer's purchase order does not imply ITT's acceptance of the terms and conditions thereof, regardless of how they are prefaced or described. ITT reserves the right to modify these Terms and Conditions at any time and, as of the date of modification, all new transactions entered into between ITT and its Buyers shall be governed by the modified document. The paragraph titles in this Agreement are for convenience only and shall not be used to vary the meaning of the text of this Agreement, or interpreted as a complete list of topic referrals. If any provision of this Agreement is found to be invalid, such provision shall be ineffective only to the extent of such invalidity, construed in accord with its economic intent, and all other provisions shall remain in effect.
- 2. PRICES.** Prices are FOB Origin for the specific quantity stated. Prices do not include taxes, duties, or license fees, nor charges for transportation, engineering documentation, or special testing, marking, or packaging. Buyer agrees to remit to ITT any tax or other government charge, domestic or foreign, upon the production, sales, shipment or use of the product which ITT is required to pay or collect from Buyer, unless Buyer furnishes a tax exemption certificate to ITT. List prices are in USD and subject to change without notice.
- 3. QUANTITY DISCOUNTS.** When quantity price discounts are quoted, they are computed separately for each type of product or equipment, and are based on the quantity of each type and each size ordered at any one time for immediate delivery. If any order is reduced or cancelled, it is agreed that prices will be adjusted upward to the higher prices, if applicable, for the remaining quantity.
- 4. QUANTITY ADD-ONS.** Change orders or additional orders for identical items received within seven (7) days of the original order may be combined for quantity price advantage, if any.
- 5. QUANTITY MINIMUMS.** Unless otherwise agreed, the minimum order is three hundred dollars (\$300) per item, per delivery, per destination.
- 6. QUANTITY VARIATIONS.** The normal variation between an ordered and the actual manufactured quantity is, for larger production runs, plus 2% minus 5% per item. Buyer agrees to accept and pay for overages up to 2% of item order quantities. Orders with shipments of 95% or more of the order quantity shall be considered complete and the Buyer shall be invoiced for the actual quantity shipped. Claims against ITT for shortages must be made within ten (10) days after arrival of shipment.
- 7. QUALITY LEVELS.** Prices are based on quality levels commensurate with ITT's standard specifications and normal processing. If a different quality level is required, Buyer shall specify the requirements in writing and pay any additional costs that may apply.
- 8. ORDER SCHEDULE & PRICES.** Orders shall be scheduled for delivery within twelve (12) months from order date. One reschedule per order will be allowed at no charge and a one hundred dollar (\$100) charge shall apply to each schedule change thereafter.
- 9. MODIFICATIONS.** Unless otherwise provided, ITT reserves the right to modify product specifications of items ordered by Buyers, provided that the modification will not materially affect form, fit or function.
- 10. ENERGY PRICING AND DELIVERY.** The prices, specifications, and delivery schedules set forth in this order assume that materials, fuels, and energy supplies will continue to be available at not less than present levels, and that ITT and its subcontractors, suppliers, and transporters will continue to have unimpeded use of their facilities and equipment. Any significant reduction in the availability of any of the foregoing as a result of any situation commonly described as an "Energy Crisis," whether resulting from Governmental action or otherwise, here or abroad, shall render the prices and delivery schedules of this order subject to adjustment, so as to reflect the impact thereof.
- 11. PAYMENT TERMS:** Payment terms are net thirty (30) days from date of invoice, subject to approval by ITT of amount and terms of credit, unless otherwise stated. If for any reason Buyer's credit is or becomes exceptionable to ITT, either before or after order acceptance, ITT reserves the right to require payment in advance, or to deliver COD, or to otherwise modify credit terms. Pending correction of any unsatisfactory credit situation, ITT may withhold shipments without incurring any liability to Buyer. When partial shipments are made, payment therefor shall become due in accordance with the designated terms of the invoice. If, at the request of Buyer, shipment is postponed for more than thirty (30) days, payment will become due thirty (30) days after notice to Buyer that products are ready for shipment.

A Service Charge of 1½% per month on any unpaid balance shall be imposed on all accounts not paid when due. The Buyer agrees to pay all cost of collection, including reasonable attorneys' fees in the event it becomes necessary to enforce payment therefor.
- 12. DELIVERY.** All deliveries will be FOB ITT Factory, unless otherwise agreed. In the absence of specific instructions, ITT will select the carrier. All risks, title, and right of possession to such goods, pass to the Buyer upon ITT's delivery to the carrier at the point of shipment, subject to a security interest until payment is received. Products held for Buyer, or stored for Buyer, shall be at the risk and expense of Buyer.
- 13. DELIVERY DATES, FORCE MAJEURE.** All acknowledged shipping dates are approximate, based upon known conditions existing at the time of order placement. ITT will, in good faith, endeavor to ship by the estimated shipping date, but shall not be

responsible for any delay or any damage arising therefrom. If Buyer's order does not cite desired delivery date(s) and/or does not expressly prohibit delivery in advance of scheduled date(s), Buyer agrees that immediate delivery is acceptable if conditions arise which prevent compliance with delivery schedules. ITT shall not be liable for any damages, including general, incidental, consequential or otherwise, arising from delays in delivery, or for failure to give notice of delays, and, further, such delays shall not constitute grounds for cancellation. Without limiting the generality of the foregoing, ITT shall under no circumstances be responsible for any failure to fill an order when due to failure to obtain export licenses, export controls, fires, floods, earthquakes, riots, strikes, freight embargoes, transportation delays, shortage of labor, inability to secure fuel, material, supplies or power or other energy requirements, or on account of shortages thereof, acts of God or of the public enemy, or any existing or future laws or acts of Government (including specifically, but not exclusively, any orders, rules, or regulations issued by any official of any such government) affecting the conduct of ITT's business which, in its judgment and discretion, ITT deems advisable to comply with either as a legal, or patriotic duty, or to any other cause beyond ITT's reasonable control. In the event ITT is prevented from completing any part of Buyer's order, because of any rule, regulation or order of any local, state or national government, or of any such government's commission, body, or authority having jurisdiction, then Buyer agrees, upon request and receipt of invoice therefor, to promptly remit to ITT, for any product or products which are completed or are in process, an amount proportionate to the stage of completion of the work as reasonably determined by ITT.

**14. INSPECTION AND ACCEPTANCE.** Unless Buyer notifies ITT in writing within thirty (30) days from date of shipment of any products that said products are rejected, they will be deemed to have been accepted by Buyer. In order to be effective, the notice of rejection must specify in writing the reason(s) why the products are being rejected.

**15. TOOLING:** Unless otherwise expressly agreed, in a separately executed writing, ITT shall retain title to and possession of any models, patterns, dies, molds, jigs, fixtures, tools, and test equipment made or obtained for the performance of this order.

**16. PRODUCT WARRANTY.** ITT warrants that at the time of shipment the products manufactured by ITT and sold hereunder will be free from defects in material and workmanship, and will conform to specification. Buyer shall notify ITT immediately if any defect within this warranty should appear.

A. Warranty Adjustment. (1) If any defect within this warranty appears, Buyer shall notify ITT immediately. (2) ITT agrees to repair or furnish a replacement for, but not install, any product which within one (1) year from the date of shipment by ITT shall, upon examination by ITT, prove defective within the above warranty. (3) No product will be accepted for return or replacement without written authorization of ITT. Upon such authorization, and in accordance with instructions by ITT, the product will be returned shipping charges prepaid by Buyer. Replacements made under this warranty will be shipped prepaid by Seller.

B. Exclusions From Warranty. (1) This warranty does not extend to any product manufactured by ITT which has been subjected to misuse, neglect, accident, improper installation or to use in violation of instructions furnished by ITT. (2) This warranty does not extend to or apply to any unit which has been repaired or altered at any place other than at ITT's factory, or by persons not expressly approved by ITT. (3) Components purchased by Buyer from any supplier other than ITT shall bear only the

warranty given by the manufacturer of that product, and ITT assumes no responsibility for the interface of its product with any other product.

THE FOREGOING WARRANTY IS IN LIEU OF AND EXCLUDES ALL OTHER EXPRESSED OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR USE, OR OTHERWISE.

**17. PATENT INDEMNITY.** A. Patent indemnity by ITT to Buyer. ITT agrees to indemnify and hold harmless the Buyer from and against all legal expenses which may be incurred as well as from damages and costs (excepting all consequential and special damages and costs) which may be finally assessed against the Buyer in any action for infringement of any United States Letters Patent by the items delivered to Buyer hereunder. This, the aforesaid, provided that (1) Buyer shall give ITT prompt written notice of any action, claim or threat of patent infringement suit, either oral or written, or of the commencement of any patent infringement suit against Buyer relating to items sold by ITT to Buyer hereunder; and (2) Buyer shall give ITT opportunity to elect to take over, settle or defend any such claim, action or suit through counsel of ITT's own choice and under its sole direction, and at its sole expense; and (3) Buyer, in the event ITT elects to take over, defend or settle such, will make available to ITT all defenses known by or available to Buyer, and (4) ITT shall have the right to substitute for any such item or any part thereof claiming to infringe the patent rights of others, non-infringing items which will give equally good service. However, if the use of any such item or any part thereof should be enjoined, ITT shall have the right at its own expense to take any of the following courses of action: (a) Procure for Buyer the right to continue using such item; or to (b) Replace said item with a non-infringing item; or to (c) Modify the item so that it becomes non-infringing; or to (d) Remove said item and refund the purchase price and the transportation and installation costs thereof.

B. Limitations. The foregoing provisions as to patent protection by ITT to Buyer shall not apply to any of the following: (1) To any items manufactured to the design or specifications furnished by the Buyer. (2) To orders for special non-commercial items which ITT has not sold or offered for sale to the public on the open commercial market. (3) To any infringement occasioned by modification by Buyer for any item without ITT's written consent, or any infringement arising from the use of an item with any adjunct or device added by the Buyer.

C. Buyer's Patent Indemnity to ITT. To the extent that items delivered hereunder are manufactured pursuant to designs furnished by the Buyer, Buyer agrees to indemnify ITT and hold ITT harmless from all legal expenses which may be incurred as well as all damages and costs which may finally be assessed against ITT in any action for infringement of any United States Letters Patent by such items delivered hereunder. ITT agrees promptly to inform the Buyer of any claim for liability made against ITT with respect to such items and ITT agrees to cooperate with the Buyer in every way reasonably available to facilitate the defense against any such claim.

**18. LIMITATION OF LIABILITY.** EXCEPT FOR THE OBLIGATIONS ASSUMED BY ITT UNDER THE PRODUCT WARRANTY, AND INDEMNITY CLAUSES, SELLER WILL NOT BE LIABLE FOR ANY SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, OR FOR LOSSES, DAMAGES, OR EXPENSES DIRECTLY OR INDIRECTLY ARISING FROM THE DESIGN, MANUFACTURE, SALE, USE 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. BUYER AND SELLER AGREE THAT IN NO EVENT WILL ITT BE LIABLE FOR ANY AMOUNT IN EXCESS OF THE CONTRACT PRICE OF THE PRODUCT WHICH PROVES TO BE DEFECTIVE. THE REMEDIES PROVIDED FOR IN THIS AND THE PRECEDING PARAGRAPHS SHALL CONSTITUTE THE SOLE RECOURSE OF BUYER AGAINST SELLER FOR ANY ALLEGED BREACH OF SELLER'S OBLIGATIONS UNDER THE CONTRACT WITH BUYER, WHETHER SUCH CLAIM IS MADE IN TORT OR IN CONTRACT, INCLUDING CLAIMS BASED ON WARRANTY, NEGLIGENCE OR OTHERWISE.

**19. TERMINATION.** Buyer's order may not be modified, terminated, or otherwise rescinded except in writing (email is acceptable), signed by Seller and Buyer. If all or part of Buyer's order is terminated by such modification or rescission (such termination must be accepted and acknowledged by Seller in writing), Buyer, absent a signed written agreement to the contrary, shall pay termination charges to Seller of costs, as determined by accepted accounting principles, plus a reasonable profit; except that any product scheduled for completion within 60 days of Buyer's request for termination or rescheduling will be accepted and paid for in full by Buyer. ITT reserves the right to pre-purchase material and to begin production in time to meet Buyer's delivery date based on conditions in its plant and lead time required by ITT's suppliers. In the event of Buyer's default, breach, or cancellation for any cause including failure to obtain an export license, Buyer shall be responsible for any losses resulting there from.

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

**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 California. Buyer hereby consents and submits to the jurisdiction of the appropriate courts in the State of California for adjudication of any question of law or fact arising hereunder.

**22. NEGOTIATION, MEDIATION, ARBITRATION.** Any dispute arising out of or relating to this Agreement shall be resolved per the procedures specified by the International Institute for Conflict Prevention & Resolution (CPR) ([www.cpradr.org](http://www.cpradr.org)).

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

B. **Mediation.** If not resolved by negotiation, the parties agree to submit the dispute to mediation under CPR rules. The mediation shall be held in Orange County, California, and if one party has failed to participate in negotiation the other party may initiate mediation immediately. Unless otherwise agreed, the parties will select a mediator from the CPR's panel of neutrals.

C. **Binding Arbitration.** Any dispute arising from this Agreement not resolved within forty-five (45) days after initiation of such mediation, shall be finally resolved by arbitration in accordance with CPR Rules for Non-Administered Arbitration then currently in effect, conducted in English, by

a sole arbitrator, in Orange County, California, USA. This arbitration shall be governed by the USA's Federal Arbitration Act, Title 9, US Code, Section 1-16, in accordance with the governing law of the State of California, excepting that no conflicts of laws rules, or the United Nations Convention on the International Sale of Goods, shall apply. Judgment upon an arbitration award may be entered in any court having jurisdiction, or application may be made for judicial acceptance of the arbitration award or an order of enforcement, as may be the case.

D. **Interim Relief.** Nothing herein shall affect either Party's right to apply to a court of appropriate jurisdiction for interim relief.

E. **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.

### **23. SUPPLEMENTAL CLAUSES FOR EXPORT ORDERS.**

A. **Proof of Export.** If Purchaser intends on exporting products sold under this agreement, Purchaser is responsible for obtaining, at its own risk and expense, any export license or other official authorization for the exportation of the goods. The Purchaser shall be responsible for complying with any legislation or regulations governing the export of goods.

B. **Export License Requirements.** If ITT secures the export license required by the United States Government, the Buyer will furnish an original signed end-user statement to acquire such licenses. If such licenses are not paid for by Buyer, such payments will be added to the contract price.

C. **Export Drop-Shipment.** If agreed, ITT will secure all export licenses and permits required by the U.S. Government for drop-shipments abroad. However, it shall be the sole responsibility of the Buyer, and the importing entity as identified on the End User Statement, to provide any additional import documentation that the receiving country may require.

D. **Schedules.** Delivery schedules for exported products are contingent upon securing all necessary export 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 parties, shall occasion an equitable adjustment in the delivery and payment schedules.

E. **Export Controls Destination Statement.** Buyer acknowledges that the goods purchased, licensed, or sold hereunder, and the transaction contemplated by this Agreement, are subject to the customs and export control laws and regulations of the United States, and may also be subject to the customs, regulations, and export laws of the receiving country. Buyer and Seller agree that all exchange of data and information pursuant to this Agreement shall strictly comply with all laws, rules, and regulations of the United States regarding exportation and re-exportation of the Goods sold under this Contract. Under U.S. law, certain products shipped under this Agreement may not be sold, leased or otherwise transferred to restricted countries, or used by restricted end-users. Seller shall not be liable for any delays, or refusals by the U.S. Government to approve the export of the requirements under this contract and Buyer agrees that it is Buyer's sole risk and responsibility to know and comply with all such laws and regulations.

## **24. CONFIDENTIAL OR PROPRIETARY INFORMATION AND PROPERTY**

A. " Confidential Information" shall mean all information or items identified by ITT as confidential and disclosed by ITT to Buyer, relating to this Agreement.

B. If a separate confidentiality nondisclosure, or proprietary information agreement exists between ITT and Buyer which relates to the subject matter of this Order, then confidential or proprietary information furnished by one (1) party to the other party shall be protected pursuant to such agreement, and paragraphs (C) through (F) below of this clause shall not apply.

C. Buyer agrees to keep confidential and protect from disclosure to any third party all Confidential Information obtained from ITT regardless of form, including but not limited to, drawings, specifications, requirements documents, and samples obtained from ITT in connection with this Order.

D. Buyer further agrees that such Confidential Information shall be distributed internally on a need to know basis and shall not be used, except to perform obligations pursuant to this Order, without prior written permission of ITT.

E. Buyer shall be liable to ITT for any loss of the Confidential Information.

F. Upon the request of ITT, Buyer will, at its own expense, return to ITT or confirm the destruction of all Confidential Information.

## **25. ASSIGNMENT OF AGREEMENT**

Buyer shall not 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.