

Standard Terms and Conditions of Repair

(rev. August 2008)

1. ACCEPTANCE OF ORDER; PARTIES TO AGREEMENT.

- (A) These Standard Terms and Conditions of Repair ("Repair T&C's") apply to all offers made and orders accepted by Teledyne Limited trading as Teledyne Controls Scotland ("Teledyne"), and the resulting agreement ("Agreement") between you ("Customer") and Teledyne for repair and other aftermarket service of Teledyne Controls' products ("Services"). Unless otherwise stated, Teledyne's offer is valid for a period of sixty (60) days from the date of offer and is strictly limited to Customer's acceptance of these Repair T&C's. All orders are subject to written acceptance by Teledyne. Acceptance of Customer's order is expressly conditioned upon Customer's assent to these Repair T&C's to the exclusion of all other terms and conditions. Teledyne's failure to object to provisions contained in any communication from Customer does not waive the application of these Repair T&C's. No other persons, parties or entities have any rights under this Agreement. These terms shall be applicable whether or not they are attached to or enclosed with the products serviced. Customer's failure to reject these Repair T&C's within ten (10) days after receipt, or upon Customer's authorization for Teledyne to begin performing the Services, whichever occurs first, is Customer's unconditional acceptance of these Repair T&C's.
- (B) Teledyne Controls is an independently-functioning operational division of Teledyne Technologies Incorporated. The other divisions of Teledyne Technologies Incorporated and any and all affiliates of Teledyne Technologies Incorporated are not parties to this Agreement, have no obligations or duties arising from this Agreement and are to be treated as unrelated third parties for all purposes.

2. PRICES; TAXES.

- (A) Prices quoted are based on Teledyne's knowledge of Customer's requirements at the time the quote is made. Prices are firm for the lesser of sixty (60) days from the date of quote, or through the end of the current calendar year. Teledyne may escalate or otherwise adjust prices for future year deliveries at its discretion. Escalation or other price change is effective January 1 of the future calendar year unless otherwise stated in writing by Teledyne. Unless otherwise stated in the quotation, prices are exclusive of any applicable taxes. The amount of any present or future sales, use, excise, import duty, or other tax applicable to the Services will be added to the invoice and must be paid by Customer unless Customer provides Teledyne with a tax exemption certificate acceptable to the applicable taxing authority.
- (B) Teledyne has established fixed repair charges ("Standard Repair Charge") for many of its products. Teledyne will charge the Standard Repair Charge for a unit submitted to Teledyne for repair except in the following circumstances:
- Major Repair. If the unit requires replacement of major assemblies or components, Teledyne will charge the price of the replacement item(s) plus one-half the Standard Repair Charge for that product.
 - No Standard Repair Charge established. If a Standard Repair Charge has not been established for a product, Teledyne will charge for the actual labor hours and materials used to repair the unit, plus markup.
 - Test-Only, No Fault Found (NFF) and Unverified Failure. In the event a unit has been submitted for testing only, or is submitted for repair and passes all approved test procedures for that unit ("No Fault Found" or "NFF") or the failure claimed by Customer cannot be duplicated on the unit ("Unverified Failure"), Customer will be charged for Teledyne's time spent on testing, evaluation and recertification and other applicable charges.
 - Evaluation Charge. If Customer submits a unit to Teledyne for repair and declines to have the unit serviced after Teledyne has tested or otherwise evaluated the unit, Customer will be charged for Teledyne's time spent on such testing and evaluation and other applicable charges.
 - Modification. All requested or mandatory modifications and all implementation of Service Bulletins are quoted separately.
- (C) Customer will pay for all packaging, handling, transportation, insurance and other costs associated with shipment of the unit to Teledyne for Services. For warranty repairs, Teledyne will pay the costs of Teledyne's standard packaging, handling, and transportation for shipment of the unit back to Customer. For non-warranty repairs and all other Services, Customer will pay for all packaging, handling, transportation and other costs associated with Teledyne's shipment of the unit back to Customer. Costs for shipping requirements from Customer deviating from Teledyne's standard practice will be paid by Customer.

3. PAYMENT TERMS; CREDIT.

- (A) Payment terms are net thirty (30) days after date of invoice. No prompt payment discounts apply. Unless otherwise agreed in a writing signed by Teledyne and Customer, Teledyne will invoice Customer for each shipment under this Agreement, including any installment or partial shipment, and Customer must pay accordingly. Advance payment will be required until Customer's credit is reviewed and approved. If shipment is delayed by Customer, payments will become due on the date when Teledyne is prepared to make shipment. If Services are delayed by Customer, Customer will immediately make payment for work performed through the date the delay begins based on the applicable price and the percentage of completion. Goods held for Customer are at the risk, expense and in the title of Customer. Wire transfer in United States dollars (USD) may be used to make payment. Late payment charges of 1.5% per month will be charged on accounts more than thirty (30) days past due.
- (B) Credit terms, shipments, deliveries, and performance of work shall at all times be subject to the approval of Teledyne's credit department. Teledyne may at any time decline to make any shipment or delivery or perform any work except upon receipt of payment or upon receipt of payment or satisfactory credit terms and security. In the event of Customer's bankruptcy or insolvency, Teledyne may terminate any order then outstanding and Customer will pay Teledyne cancellation charges and other costs due in accordance with article 11.

4. SHIPMENT TO TELEDYNE. Except for MagnaStar® products, Customer may submit goods for Service directly to Teledyne without completion of Return Materials Authorization. Return Materials Authorization (RMA) is required MagnaStar® products. Customer is responsible for all shipping charges and damage to the unit in transit until received by Teledyne. It is Customer's obligation to promptly provide all information reasonably requested by Teledyne. Delays in providing this information may result in delay of Teledyne's performance of the Services or return of product to Customer. At a minimum, with each shipment of goods to Teledyne for Service, Customer must provide the following information:

- Company name and address
- Repair order number.
- Contact person's name, ph#, fax, email.
- Part Number, Serial Number, Description.
- Description of failure or reason unit is being returned.
- Special Requirements, such as, SB's, SL's, CAAC, etc.
- Date requested by customer.
- Return address.

5. DELIVERY SCHEDULES. Shipping dates are approximate and are based upon prompt receipt from Customer of all necessary information. Teledyne will endeavor to perform in accordance with the time quoted for performance of the Services, but in no event is Teledyne liable for any damages (liquidated or otherwise), re-procurement costs, cover or penalties for delays in delivery.

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6. FORCE MAJEURE. Without limiting the generality of the limitation of Teledyne's liability for late delivery set forth in articles 5 and 18, Teledyne is not liable for delays in the performance of any order arising out of causes beyond the control and without the fault or negligence of Teledyne (a "force majeure"). Such causes include, but are not restricted to, acts of God, acts of Customer, acts of any government, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, war, terrorism, unusually severe weather and any delays of vendors or suppliers. In the event of any such delay, Teledyne will defer delivery for a period equal to the time lost because of the delay. If Teledyne is unable to complete delivery of an order due to a force majeure, Teledyne has the right to cancel or suspend the order in whole or in part by giving written notice to Customer.

7. CUSTOMER INQUIRIES. Customers may submit an inquiry regarding a Service to Teledyne, including status, technical, pricing or urgency by telephone, e-mail, fax or AOG hotline, or as directed by Teledyne. Customer shall be provided all information reasonably requested by Teledyne in response to the inquiry. Teledyne will endeavor to respond to Customer's inquiry within 24 hours of receipt.

8. INSPECTION; ACCEPTANCE. Customer will promptly inspect all Services performed following receipt of the product serviced, immediately notify Teledyne if a nonconformity is discovered and give Teledyne a reasonable opportunity to inspect the nonconformity. Unless rejected by the tenth (10th) day following delivery, all Services are deemed accepted.

9. WARRANTY AND DISCLAIMERS.

(A) **Standard Warranty.** Teledyne warrants the materials and workmanship of the Services provided under this Agreement for one (1) year from the date the unit is shipped to Customer unless otherwise stated by Teledyne in its quotation. This warranty does not extend an existing warranty on the unit nor does it apply to any component or subassembly of the unit other than that which was serviced by Teledyne. All other Services and all Software are provided AS IS. This warranty does not extend to any Teledyne products which are damaged from misuse; accident; neglect; fire; inundation; improper installation or maintenance; repair, application or alteration other than by Teledyne; or similar condition or circumstance not the fault of Teledyne.

(B) **Disclaimer of All Other Warranties.** THE STANDARD WARRANTY SET FORTH IN ARTICLE 9(A), INCLUDING REMEDIES, IS IN LIEU OF ANY AND ALL OTHER WARRANTIES, EXPRESS, STATUTORY OR IMPLIED, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, DESIGN, TITLE, FREEDOM FROM PATENT INFRINGEMENT, FITNESS FOR MILITARY OR OTHER GOVERNMENT PURPOSES, CONFORMANCE TO ANY MILITARY OR OTHER GOVERNMENT SPECIFICATIONS, FEDERAL ACQUISITION REGULATIONS OR OTHER GOVERNMENT PROCUREMENT STANDARDS, AND ANY OTHER WARRANTY IMPLIED BY USAGE IN TRADE OR IN COURSE OF PERFORMANCE OR DEALING.

(C) **Warranty Claims and Remedies.** To make a claim for breach of the Standard Warranty, Customer must promptly notify Teledyne in writing of the specific defective product and the nature of the defect, and return the defective products, transportation and insurance prepaid, in accordance with instructions issued by Teledyne. Following receipt, Teledyne at its sole discretion will repair or replace the product if the defect claimed is verified by Teledyne and in breach of the Standard Warranty. If the defect claimed by Customer cannot be reproduced or otherwise verified by Teledyne, or does not breach the Standard Warranty, the product will be returned to Customer unmodified at Customer's expense. If the defect can be reproduced or otherwise verified by Teledyne and breaches the Standard Warranty, Teledyne will reimburse Customer for necessary warranty actions taken by Customer at a rate of US\$40.00 per hour. The necessary warranty actions and time to perform these actions are subject to Teledyne's approval in its sole discretion. No other costs associated with warranty actions taken by Customer will be reimbursed. The remedies set forth in this article 9(C) are the sole and exclusive remedies available to Customer for any Standard Warranty claim.

(D) **Commercial Goods and Services Only.** All Services provided by Teledyne through this Agreement are of a commercial nature, are appropriate for commercial use, and are only sold under commercial terms and conditions. Teledyne does not warrant or otherwise represent that any Services provided under this Agreement conform to any military or other government specifications, Federal Acquisition Regulations or other government procurement standards. The application of any of those terms would result in a material alteration of this Agreement, which would be rejected by Teledyne.

(E) **Sale of Goods Expressly Conditional on Assent to Disclaimer of Warranties.** Teledyne's performance under this Agreement, including the performance of Services, is expressly conditioned upon Customer's assent to Teledyne's disclaimer of warranties in article 9(B) above. If this disclaimer of warranties is not acceptable, Customer must notify Teledyne immediately and in any event, prior to Teledyne's commencement of work pursuant to this Agreement. In the event Customer procures Teledyne's Services in the performance of a government contract, Customer expressly covenants and agrees that it will notify the government in advance of the terms of this article 9.

10. EXPORT DOCUMENTATION, DUTIES, TAXES AND FEES. All export licenses, documentation, customs duties, taxes and fees are the responsibility of Customer.

11. CANCELLATION. Customer may cancel its order wholly or partially by written notice received by Teledyne prior to the scheduled delivery date. For any cancelled order, Customer must pay Teledyne a cancellation charge comprised of twenty percent (20%) of the price of the cancelled portion of the order, plus full reimbursement for all direct and indirect costs, settlements with suppliers, and administrative, accounting, and legal costs and fees incurred by Teledyne associated with the cancellation. Teledyne will notify Customer of the amount owed, which amount shall be immediately due and payable to Teledyne.

12. DEFAULT. Teledyne may terminate this Agreement if Customer breaches a material provision. If Customer breaches a material provision of this Agreement, Teledyne will submit a written cure notice to Customer advising of the breach. Customer will have five (5) days to cure the breach. In addition to its other rights and remedies, if Customer does not cure the breach within the five (5) day period, Teledyne may terminate this Agreement.

13. GOVERNING LAW; DISPUTES & JURISDICTION. This Agreement is governed by the laws of England, without effect given to its conflict of laws provisions, and excluding the United Nations Convention on the International Sale of Goods (CISG) and the UNIDROIT Principles of International Commercial Contracts. Disputes which arise under this order and which cannot be settled amicably by the parties hereto shall solely and finally be settled by binding arbitration in London, England under the prevailing commercial conciliation and arbitration rules of the American Arbitration Association. Judgment upon the arbitration award or decision may be entered in any court having competent jurisdiction thereof. Arbitration awards and decisions are subject to the Limitation of Liability in article 18.

14. EXPORT COMPLIANCE; U.S. FOREIGN CORRUPT PRACTICES ACT. Customer must comply with all applicable laws, licensing requirements and other regulations governing the resale, import, export, or re-export of the goods or Services purchased and Software licensed from Teledyne, including the United States Foreign Corrupt Practices Act (FCPA), 15 U.S.C. §§ 78dd1 through 78dd3, as amended, and all restrictions imposed by the U.S. government on the transfer and retransfer of these goods and Software generally and to specific end users. Customer will indemnify Teledyne from

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all claims, liabilities, or losses (including but not limited to attorney's fees and other costs incurred in defending against such claims) which may arise as a result of Customer's failure to comply with such requirements. Customer acknowledges that Teledyne is subject to United States law, and Customer holds Teledyne harmless from all liability for any failure by Teledyne to perform attributable to United States law.

15. SOFTWARE. All software provided to Customer under this Agreement, not limited to catalog product or software developed in performance of this Agreement, and its associated documentation ("Software"), are provided under license only, and not as a sale or other transfer of ownership. All right, title and interest in and to Software, including the media on which it is furnished to Customer, remain with Teledyne. No right, title or interest in the Software is granted under this Agreement. Further, prior to delivery, Customer must execute Teledyne's standard license and maintenance agreements for the Software, and Customer has no license of any kind to Software until Customer executes those agreements. Software may not be used in any data acquisition units not purchased from Teledyne.

16. INTELLECTUAL PROPERTY RIGHTS; CONFIDENTIALITY.

- (A) The copyright, patent and any other intellectual property right pertaining to goods, services, manufacturing processes, tooling, fixtures, equipment, designs, specifications, drawings, software or any other material owned or acquired by Teledyne or created by Teledyne in the course of Teledyne's performance under this Agreement, shall remain the absolute property of Teledyne. Customer must not reverse engineer or reverse compile any goods, software or other materials received from Teledyne, nor permit a third party to do so.
- (B) Customer must keep confidential and protect from unauthorized use and disclosure all confidential, proprietary and/or trade secret information, all tangible items and software containing, conveying or embodying this information, and all information derived from this information (collectively, "Proprietary Information"), obtained, directly or indirectly, from Teledyne in connection with this Agreement. Customer may use Proprietary Information only in the performance of and for the purpose of this Agreement. Customer may disclose Proprietary Information and Materials of Customer to its employees as necessary for the performance of this Agreement. Customer is liable to Teledyne for any breach of Customer's obligations under this article by Customer's employees.

17. INDEMNIFICATION.

- (A) Customer agrees to defend, indemnify and hold harmless Teledyne, its officers, directors, and employees, from and against any and all claims, losses, liabilities or expenses (including without limitation attorney's fees) of any kind which may arise, in whole or in part, out of or relating to:
 - (i) infringement of U.S. or foreign patents, designs, copyrights, or trademarks to the extent that:
 - (a) the infringing product is manufactured, sold, and used in whole or in part to Customer's designs;
 - (b) the infringement results from Customer's use of the infringing product for purposes other than those expressly communicated to Customer in writing; or
 - (c) the infringement results from the use of the product in conjunction with other products;
 - (ii) property damage, personal injury or death caused by Customer's employees or agents on property owned or controlled by Teledyne;
 - (iii) any product manufactured pursuant to this Agreement in whole or in part to Customer's designs, unless such claim arises solely due to Teledyne's manufacturing process, assembly operation, or negligence;
 - (iv) a breach by Customer of its obligations under this Agreement.
- (B) Where Services provided hereunder to or on behalf of Customer are sold, resold, or otherwise transferred to a third party, the third party, and its customers, assignees, and other successors in interest to these Services, shall have no rights greater than those granted Customer hereunder. Customer shall defend, indemnify and hold harmless Teledyne, its officers, directors, and employees, from and against any and all claims, losses, liabilities or expenses of third parties (including without limitation attorney's fees) which Customer could not itself recover hereunder.

18. LIMITATION OF LIABILITY. TELEDYNE IS NOT LIABLE FOR DAMAGES CAUSED BY DELAY IN PERFORMANCE. TELEDYNE IS NOT LIABLE FOR ANY LOSS OF CUSTOMER'S DATA RESULTING FROM THE PROVISION OF SERVICES BY TELEDYNE OR THE USE OF TELEDYNE'S GOODS BY CUSTOMER, REGARDLESS OF WHETHER SUCH GOODS WERE PROPERLY USED BY CUSTOMER. TELEDYNE'S TOTAL LIABILITY TO CUSTOMER AND ITS CUSTOMERS, INCLUDING BUT NOT LIMITED TO LIABILITY FOR INDEMNITY, DEFENSE AND HOLD HARMLESS OBLIGATIONS, SHALL NOT EXCEED THE PRICE OF THE PARTICULAR GOOD OR SERVICE GIVING RISE TO THE LIABILITY, AND CUSTOMER AGREES TO INDEMNIFY TELEDYNE FOR ANY AMOUNTS IN EXCESS THEREOF. NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS AGREEMENT, UNDER NO CIRCUMSTANCES SHALL TELEDYNE BE LIABLE FOR ANY CONSEQUENTIAL, SPECIAL, INCIDENTAL, INDIRECT, MULTIPLE, ADMINISTRATIVE, EXEMPLARY OR PUNITIVE DAMAGES, OR ANY DAMAGE DEEMED TO BE OF AN INDIRECT OR CONSEQUENTIAL NATURE ARISING OUT OF OR RELATED TO ITS PERFORMANCE UNDER THIS CONTRACT, INCLUDING WITHOUT LIMITATION, LOSS OF USE, LOST REVENUES, LOSS OF ANTICIPATED PROFITS AND COST OF CAPITAL, REGARDLESS OF THE FORM OF THE CLAIM OR CAUSE OF ACTION AND WHETHER BASED UPON BREACH OF CONTRACT, WARRANTY, OR NEGLIGENCE AND WHETHER GROUNDED IN TORT, CONTRACT, CIVIL LAW, OR OTHER THEORIES OF LIABILITY, INCLUDING STRICT LIABILITY, EVEN IF ADVISED IN ADVANCE OF THE POSSIBILITY OF SUCH DAMAGES OR IF TELEDYNE FORESAW OR OUGHT TO HAVE FORESEEN CIRCUMSTANCES WHICH COULD RESULT IN SUCH DAMAGES. TO THE EXTENT THAT THIS LIMITATION OF LIABILITY CONFLICTS WITH ANY OTHER PROVISIONS OF THIS CONTRACT, THOSE PROVISIONS ARE AMENDED AS REQUIRED TO MAKE THEM CONSISTENT WITH THIS LIMITATION OF LIABILITY.

20. QUALITY ASSURANCE AND REPAIR ORGANIZATION. Teledyne's Quality Assurance System adheres to the ISO 9001, 2000 & AS9100, Rev A standards, and its repair organization operates under the rules and procedures established by Teledyne and the Teledyne Controls Repair Station Manual, as may be changed at Teledyne's discretion from time to time, and various governmental regulations and policies.

21. ETHICS AND VALUES. Teledyne is committed to uncompromising ethical standards, strict adherence to law and customer satisfaction. Teledyne encourages Customer to communicate concerns and ask questions about Teledyne's ethics and values by calling the Teledyne Ethics/Help Line, "Take The Right Action," at 1-877-666-6968.

22. ASSIGNMENT. Customer may not assign any right, obligation or interest arising from this Agreement without the prior written consent of Teledyne, not to be unreasonably withheld. Teledyne may at any time and without Customer's consent assign any or all of its rights, obligations, or interests arising from this Agreement to any successor, by way of merger or consolidation or the acquisition of substantially all of the entire business and assets of the participant relating to the subject matter of this Agreement.

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23. SEVERABILITY. Should any provision contained in this Agreement be unenforceable under present or future laws or in a court of with jurisdiction over this Agreement, the unenforceable provision will be replaced by a provision which lawfully enforces the parties' intention underlying the unenforceable provision, and the remaining provisions of this Agreement will remain in full force and effect.

24. WAIVER. No provision of this Agreement is waived by any act or knowledge on the part of either party, except by a written instrument signed by an authorized representative of that party. The waiver by either party of any right or a party's failure to enforce a provision of this Agreement, is not a continuing waiver or a waiver of any other rights or of any material breach or failure of performance of the other party.

25. SURVIVAL. The following articles will survive the termination or expiration of this Agreement or completion of any order: 1: Acceptance of Order; Parties to Agreement; 2: Prices; Taxes; 3: Payment Terms; Credit; 5: Delivery Schedules; 6: Force Majeure; 9: Warranty and Disclaimers; 11: Cancellation; 12: Default; 13: Governing Law; Disputes & Jurisdiction; 14: Export Compliance; Foreign Corrupt Practices Act; 16: Intellectual Property Rights; Confidentiality; 17: Indemnification; 18: Limitation of Liability; 22: Assignment; 23: Severability; and 25: Survival.

26. ENTIRE AGREEMENT; AMENDMENT. This Agreement is the final, complete, and exclusive statement of the agreement between Teledyne and Customer. Any previous agreements or understandings pertaining to this Agreement, whether oral, written or implied, are superseded by this Agreement. These terms shall prevail over any subsequent or contemporaneous terms and conditions contained in any order or other document submitted by Customer. This Agreement may be amended only by mutual written agreement by authorized officials of both parties.