

TERMS AND CONDITIONS
Applicable to all Bauer, Inc. Quotations
Version 3-26-2012

1. SHIPPING AND RISK OF LOSS

Unless otherwise stated in the order acknowledgment, all shipments will be made F.O.B. the company's facility in Bristol, Connecticut U.S.A. Risk of loss or damage in shipment will pass to the Buyer upon acceptance of the product by the carrier, forwarder, or other persons or companies designated for shipment to the Buyer. All costs of insurance, custom charges and other fees related to the shipment are the responsibility of the Buyer.

2. WARRANTY

Bauer warrants its products, so far as their manufacture, to be free from defects in material and workmanship and undertakes to repair or replace, at its option, free of charge, any part, which is proven to the satisfaction of Bauer, to be defective. Such warranties on products manufactured by Bauer will be in effect until one (1) year after the date of final acceptance, or fifteen (15) months from the date of shipment, whichever occurs first.

The warranty provided herein applies only if the equipment has been used in a normal and proper manner under recommended conditions. Notwithstanding any advice or assistance given to the Buyer by Bauer or its suppliers concerning the equipment or its use, Bauer makes no express or implied warranties or representations, except as herein expressly provided, with respect to the equipment or its use, and Bauer shall not be liable in contract, warranty or tort (including, without limitation, for negligence or strict liability) as a result of such advice or assistance.

Bauer shall have the sole right to specify the manner in which and the party by whom repair of the product is to be carried out. Defective parts must be returned freight prepaid to Bauer and in the event of replacement will become the property of Bauer. The warranty does not cover the labor costs for removal of the defective parts or the labor costs for the fitting new parts. In the case of parts or components not manufactured by Bauer, the Buyer will only be entitled to such benefits as may be transmitted to the Buyer of any warranty given by the manufacturer in respect thereof. Bauer reserves the right to determine the location and the personnel necessary to effect any corrective action during the warranty period. If at the discretion of Bauer and with the Buyer's approval, the corrective action can be performed expeditiously and more economically with the Buyer's personnel at the Buyer's plant, the cost of the repair will be limited to direct labor charges. **BAUER SHALL HAVE NO OTHER LIABILITY, DIRECT OR INDIRECT, OF ANY KIND, INCLUDING LIABILITY FOR SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES.**

In no event shall Bauer be liable in contract, in tort, or otherwise for special, incidental, consequential, or punitive damages (including, but not limited to, loss of profits or revenues, loss of use of the equipment, or any damage to associated equipment, damage or injury to persons or property, cost of capital, cost of substitute, or temporary equipment, downtime or claims of customers) arising out of or as a result of breach of warranty, defect in material or workmanship, or any other obligation of Bauer hereunder.

This warranty comprises Bauer's sole and entire warranty obligation to buyer, its customers and assigns in connection with equipment sold, assigned, leased or otherwise dealt with by Bauer. All other warranties, express or implied, including, but not limited to, warranties of merchantability and fitness, and expressly excluded.

3. LIABILITY

All risks and costs during operation in the Buyer's or his assignee's plant are the responsibility of the Buyer. Any injury or damage to personnel or property during installation or operation at the Buyer's or his assignee's plant are the risk of the Buyer.

4. TIME OF SHIPMENT

Bauer will ship according to the schedule agreed upon in the order acknowledgment but will not be responsible for delays due to failure of the Buyer to provide necessary information in a timely fashion. Bauer shall not be liable for any delay or damages caused thereby in delivery or failure to deliver hereunder when delivery has been made impractical by fire, flood, riot, war, labor stoppages, difference with employees, accidents, acts of God, failure or inability to secure materials from usual sources of supply, or any other circumstances beyond Bauer's control, either of the foregoing nature or of any other nature. Failure to ship according to schedule will not result in liquidated

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damages or other consequential penalties for late delivery. Bauer shall promptly notify the Buyer in writing of any circumstances that may cause a delay in delivery or performance stating the estimated period of delay and reasons for the delay. IN NO EVENT SHALL BAUER BE LIABLE FOR INCIDENTAL, CONSEQUENTIAL OR SPECIAL DAMAGES ARISING OUT OF A DELAY OR FAILURE TO PERFORM.

5. PAYMENT

Unless otherwise specified in the order acknowledgment, all payments shall be made in U.S currency and are due net thirty (30) days from the date of the invoice. If shipments are delayed by the Buyer, payments shall become due on the date when Bauer is prepared to make shipment. If the work to be performed hereunder is delayed by Buyer, payment shall be made based on the purchase price and the percentage of completion. Equipment held for the Buyer shall be at the risk and expense of the Buyer. Amounts past due are subject to a service charge of 1.5% per month or fraction thereof.

If it is agreed that if a percentage of the selling price is to be withheld by the customer pending the completion of test stand commissioning and final acceptance, this final payment shall be payable to Bauer no later than ninety (90) days following shipment if final acceptance cannot be completed or is delayed due to reasons beyond Bauer's control.

6. CANCELLATION

In the event that Bauer accepts a contract cancellation from the Buyer for any reason, Bauer shall be entitled to receive payment from the Buyer for total costs incurred on the contract up to the date of termination plus a reasonable markup for profit. Bauer will agree to an audit of relevant records by a mutually agreeable third party provided that submission of data to the Buyer is limited to summary information bearing on reasonableness of cost. The cost of such an audit is the responsibility of the Buyer.

7. RIGHTS IN DATA, DESIGN AND MANUFACTURE

Notwithstanding any clauses governing purchase conditions incorporated in the purchase order or other documents, Bauer grants no rights in data, rights to manufacture, or rights to use of data for procurement from any other source. Bauer at its sole discretion may change sources of material and subcontract manufacture. All specifications, drawings, technical information, dimensions, weights, etc. submitted by Bauer or contained in Bauer literature are approximate only and do not form part of our contract.

8. BUYER FURNISHED EQUIPMENT/COMPONENTS (BFE)

To verify the proper design and manufacture of the purchased equipment and to perform factory demonstration prior to shipment, the following need to be furnished to Bauer by the Buyer on a prepaid, loaned basis:

- a. Aircraft components in "serviceable" condition.
- b. Any other aircraft components or special OEM tools that may be identified in the CMM's or T.O.'s as being necessary to test the aircraft components.

Bauer cannot certify the flightworthiness of the BFE upon their return to the customer. Such BFE will be operated within their respective performance parameters by qualified technicians but, in the unlikely event of damage to a unit, Bauer assumes no responsibility for its repair.

9. RETENTION OF TITLE

Until payment in full has been received by Bauer, all goods supplied by Bauer under this contract shall remain the property of Bauer and shall be kept separate from other goods of the Buyer so as to be readily identifiable as our goods. Bauer or its representative shall be entitled to enter the Buyer's premises to recover the goods and to resell the goods and the Buyer shall have no claim against Bauer in this case. Nothing herein shall confer any right to the Buyer to return goods supplied by Bauer or to refuse or delay any payment for goods received.

10. LAWS

In performance of this order, the laws pertaining to sales in force at the point of manufacture shall apply and prevail.

11. OTHER CONDITIONS

These Terms and Conditions apply and take precedence over any terms of the Buyer's order. Any additions or modifications to the above terms shall be binding upon Bauer only if submitted in writing and signed by a duly authorized representative of Bauer.

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