



UNITED TECHNOLOGIES CORPORATION

STANDARD TERMS AND CONDITIONS OF PURCHASE

**September 2013 VERSION
(UTAS - September 2014 for France)**

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1. **Acceptance**

Upon receipt of the Order issued by the Buyer, the Supplier shall complete, sign and return to the Buyer the Order acknowledgment, within fifteen (15) days of receipt thereof confirming the acceptance of the Order and these Terms and Conditions.

Notwithstanding the above, Supplier's (i) full or partial performance under, or indication thereof, or (ii) acknowledgement of the Order, is acceptance of the Order and all terms and conditions contained in the Order, including these Terms and Conditions. Any terms and conditions proposed in Supplier's acceptance or in any acknowledgment, invoice, or other form of Supplier that add to, vary from, or conflict with the terms herein are hereby rejected. If the Order is an acceptance of a prior offer by Supplier, such acceptance is limited to the express terms set forth in the Order.

2. **Definitions**

- 2.1. "Affiliate" means, with respect to any entity, any other entity that directly or indirectly controls, is owned by, controlled by or under common ownership or control with such entity.
- 2.2. "Agreement" means the master terms agreement, long term agreement, subcontract, or other agreement that references these terms and conditions, and pursuant to which Orders are issued to Supplier.
- 2.3. "Buyer" means United Technologies Corporation ("UTC") or the UTC Affiliate that issues an Order referencing these Terms and Conditions, and any successor or assignee of Buyer.
- 2.4. "Buyer's Customer" means the ultimate owner, lessee, or operator of the Goods and includes the purchaser of an end product incorporating the Goods and/or Services provided by Supplier under the Order.
- 2.5. "Delivery Date" means the date of delivery for Goods and Services as specified in an Order and/or by the Delivery System.
- 2.6. "Delivery System" means Buyer's computer-based, web-enabled delivery scheduling system or any other systems used by the Buyer to schedule deliveries.
- 2.7. "EASA" means the European Aviation Safety Agency
- 2.8. "FAA" means the U.S. Federal Aviation Administration.
- 2.9. "Goods" means goods, parts, supplies, software, drawings, data, reports, manuals, other specified documentation, or items that are required to be delivered pursuant to, or in connection with, an Order, and where the context requires such services as are necessary and incidental to the delivery of Goods under any Order. For clarity, changes made by Buyer to the part numbers and/or other description of the Goods as a result of a change under the Changes clause of these Terms and Conditions will continue to be Goods.

- 2.10. "Intellectual Property" means all inventions, patents, software, copyrights, mask works, industrial property rights, trademarks, trade secrets, know-how, proprietary information and rights and information of a similar nature. Such information includes, without limitation, designs, processes, drawings, prints, specifications, reports, data, technical information, and instructions.
- 2.11. "Lead Time" means the maximum time within which Supplier agrees to deliver Goods after receipt of a delivery requirement for such Goods. Unless otherwise mutually agreed between Buyer and Supplier, Lead Times are measured based on the date of receipt of the relevant Goods at Buyer's facility.
- 2.12. "Need Date" means the date Buyer needs delivery of Goods which date is before, or after, the Delivery Date.
- 2.13. "Party" or "Parties" shall mean Buyer and/or Supplier, individually or collectively, as the context requires.
- 2.14. "Prime Contract" means the government or commercial sales contract between Buyer and Buyer's Customer.
- 2.15. "Order" means a paper or electronic document sent by Buyer to Supplier, or where provided for in an Agreement, an entry on a Buyer web site, to initiate the ordering of Goods or Services, such as a purchase order, a scheduling agreement, or other authorization or Order, and including change notices, supplements or modifications thereto. The phrase "in connection with the Order" includes performance of the Order, performance in anticipation of the Order, and preparation of a bid or proposal for the Order. Where the context permits, the term Order includes Agreement.
- 2.16. "Services" means any effort performed by Supplier necessary or incidental to the delivery of Goods, including design, engineering, installation, repair and maintenance. The term "Services" shall also include any effort required by an Order.
- 2.17. "Specifications" means all requirements with which Goods and Services and performance hereunder must comply, including, without limitation, ASQR-01 or its then-current successor, drawings, instructions and standards, on a Buyer web site or elsewhere, as such requirements are specified and/or referenced in Orders, as such requirements are modified from time to time by Buyer.
- 2.18. "Supplier" means the legal entity providing Goods and Services or otherwise performing work pursuant to an Order.
- 2.19. "Terms and Conditions" means this document, the United Technologies Corporation Standard Terms and Conditions of Purchase, regardless of whether modified or unmodified by the Parties.

3. Specifications

Supplier shall comply with all Specifications.

4. Delivery

- 4.1. Supplier shall use the Delivery System and electronic data exchange billing and invoicing systems (collectively, "Buyer Systems") specified by Buyer.
- 4.2. The delivery information in the Buyer Systems shall establish the Delivery Dates for the Goods and/or Services. Supplier shall only ship in accordance with the rules established by the Buyer Systems, and shall make use of the bar codes and other documentation generated by the Delivery System.
- 4.3. Time is of the essence in Supplier's performance of an Order, and Supplier shall deliver Goods and perform Services by the Delivery Date.
- 4.4. Shipment shall be to the location directed by Buyer. Invoicing, delivery terms, shipping, packing and waste reduction instructions shall be provided to Supplier through an attachment to, or printing on the face of, the Order, or incorporated into the Order by reference to a web site. In the absence of such instructions, the delivery terms for Goods shall be DDP Buyer's facility (Incoterms 2010). Title and risk of loss shall pass to Buyer upon receipt of Goods at Buyer's facility or third party drop shipment point.
- 4.5. Delivery Dates which do not allow sufficient Lead Time shall be considered Need Dates and Supplier shall use all commercially reasonable efforts to meet Need Dates. If Supplier agrees to the Need Date, the Need Date shall be considered the Delivery Date.
- 4.6. If Supplier is unable to deliver Goods by the Need Date, Buyer may, without liability: (i) reduce or cancel its requirements for any part of the quantity of the Goods that cannot be delivered by the Need Date, (ii) reallocate to another Order, or reschedule, any portion of the Goods that cannot be delivered by the Need Date, or (iii) waive the Need Date and accept Goods on the Delivery Date. In addition to any other rights and remedies that Buyer may have, in the event of Supplier's nonconformance with any of the requirements under this Section or any other delivery obligation, Supplier shall be responsible for all shipping costs and expenses incurred with respect to such nonconformance, including the costs of expediting shipment with respect to late deliveries.
- 4.7. Any forecasts of quantity and schedule that are set forth in the Delivery System are estimates and are for planning purposes only.
- 4.8. Without affecting any other rights of Buyer, Buyer may cancel Orders, in whole or in part, without liability to Supplier, at any time prior to commencement of Lead Time.

5. Inspection, Acceptance and Rejection

- 5.1. Supplier shall only tender Goods to Buyer that have passed inspection in accordance with the applicable inspection system and that otherwise conform to all requirements of an Order.
- 5.2. Buyer may provide written notice of acceptance of the Goods to Supplier. However, in the absence of Buyer's written acceptance and notwithstanding (i) prior inspection of, (ii) payment for, (iii) use of or (iv) delivery of the Goods, acceptance shall not be deemed to

occur until six (6) months following Buyer's receipt of Goods ("Inspection Period"). Transfer of title to Buyer shall not constitute acceptance.

- 5.3. During the Inspection Period, Buyer may, with respect to any Goods: (i) reject all or a portion of any nonconforming Goods; (ii) accept all or a portion of such nonconforming Goods with a price reduction for the cost of repair or the diminution of value; or (iii) accept any conforming Goods and reject the rest.
- 5.4. Within thirty (30) days of Supplier's receipt of Buyer's notification of a nonconformity, Supplier shall investigate the nonconformity, deliver to Buyer a written report of its investigation and conclusions, and formulate a corrective action plan acceptable to Buyer.
- 5.5. With respect to rejected nonconforming Goods, Buyer may at its election and at Supplier's risk and expense (i) hold nonconforming Goods for Supplier, or (ii) return nonconforming Goods to Supplier for, at Buyer's option, either (a) full credit or refund or (b) replacement Goods to be received within 24 hours of nonconformity notification. Title to such rejected Goods returned to Supplier shall transfer to Supplier upon such delivery and such Goods shall not be replaced by Supplier except upon written instructions from Buyer. Goods returned to Buyer hereunder shall be shipped at Supplier's expense and risk of loss. Additionally, rejected nonconforming Goods shall not be tendered again to Buyer for acceptance unless permitted by Buyer and applicable law, and accompanied by a disclosure of Buyer's prior rejection(s).
- 5.6. Notwithstanding any other provision, in addition to the foregoing, Supplier shall be liable for Buyer's actual costs, expenses and damages related to or arising from nonconforming Goods, including but not limited to labor and other costs related to transportation of Goods, expediting, removal, disassembly, failure analysis, fault isolation, assembly, reinstallation, reinspection, retrofit, and any and all other such corrective action costs incurred by Buyer.

6. Warranty

- 6.1. Supplier warrants to Buyer and Buyer's successors, assigns, Buyer's Customers, and users of Goods sold by Buyer that all Goods provided under the Order shall be and continue to be: (i) merchantable; (ii) fit for the purpose intended; (iii) new; (iv) free from defects in material and workmanship; (v) free from defects in design if the design is not provided by Buyer; (vi) manufactured in strict accordance with the Specifications; (vii) free from liens or encumbrances on title; and (viii) to the extent the Goods are, or contain, hardware, software, and/or firmware products, be able to accurately process date/time data (including, but not limited to, calculating, comparing, and sequencing all times and dates) and are free of viruses and other sources of network corruption for a period starting at acceptance by Buyer and ending forty-eight (48) months after delivery to the Buyer's Customer of the end product incorporating the Goods (collectively, for this Section 6, "Warranty"). If the Order requires specific Goods to perform as a system, the foregoing Warranty also shall apply to those Goods as a system.
- 6.2. Buyer may require Supplier to promptly repair or replace, at Buyer's option, any Goods which breach the Warranty. Buyer may return ship the Goods on the fastest available commercial carrier at Supplier's expense and risk of loss. Goods returned to Buyer hereunder shall be shipped at Supplier's expense and risk of loss and shall be

accompanied by notice stating whether they are new replacements or repaired originals, and shall continue to be covered under this Warranty for a period starting at acceptance by Buyer and ending forty-eight (48) months after the date of the integration of the repaired or replaced Goods in the relevant end product.. Supplier shall conduct intake, review, analysis and any other activity required to evaluate whether the returned Goods are covered by the Warranty at no expense to Buyer.

In all cases, the Supplier shall warrant hidden defects in Goods in accordance with the provisions of Articles 1641 et seq. of the French Civil Code.

- 6.3. Notwithstanding any other provision, in addition to the foregoing, Supplier shall be liable for Buyer's actual costs, expenses and damages related to or arising from Goods not conforming to the Warranty, including but not limited to labor and other costs related to transportation of Goods, expediting, removal, disassembly, failure analysis, fault isolation, assembly, reinstallation, reinspection, retrofit, and any and all other such corrective action costs incurred by Buyer.
- 6.4. Supplier warrants to Buyer that all Services provided under or in connection with an Order: (i) have been, if applicable, and will be performed in a professional and workmanlike manner and in accordance with current, sound and generally accepted industry standards and practices by appropriately licensed, trained, supervised and personnel who are experienced in the appropriate fields; and (ii) do, if applicable, and will conform to and be in compliance with all applicable specifications, performance requirements and other requirements contained in the Order (the "Service Warranty"). Supplier agrees that should any of the Services be defectively performed by Supplier, Supplier will re-perform or correct such defective Services at no additional charge. Notwithstanding any other provision, in addition to the foregoing, Supplier shall be liable for Buyer's actual costs, expenses and damages related to or arising from the Services not conforming to the Services Warranty.

7. Indemnification

Without prejudice to the provisions of Section 19 below, Supplier shall indemnify and save harmless Buyer, Buyer's Customers, insurers, Affiliates and their employees, agents, officers and directors for and from all suits, claims, judgments, awards, losses, damages, costs or expenses (including attorneys' fees) relating to, arising out of, or caused by the performance hereunder, any act or omission of Supplier or any Goods or Services. Supplier's indemnification obligation hereunder covers, without limitation, injuries, sickness, diseases (including occupational disease whenever occurring), or death of Supplier employees.

8. Taxes - Invoices

- 8.1. Unless otherwise stated in the Order, all payments, prices, fixed or otherwise, sums, payments, fees and monetary amounts mentioned in the Order are exclusive of any and all sales and use taxes, value added taxes, goods and services taxes, taxes levied upon importation, such as customs duties, excises, or any other taxes ("Taxes") levied in regard of any of the transactions covered by the Order.

- 8.2. When invoicing, Supplier shall (i) include amounts of Taxes, or specific fees Supplier is required by applicable law to add-on to the sales price and collect from Buyer or otherwise is legally due from Buyer, and (ii) separately state each of the Taxes.
- 8.3. Supplier is solely responsible for the fulfillment of Supplier's obligations under law or statute in respect to collecting and remitting Taxes collected from Buyer under the Order to the proper tax authority. Any penalties, fees or interest charges imposed by a tax authority or other authority as the result of non-payment of Taxes collected by Supplier from Buyer will be borne by Supplier. Supplier shall also pay any Taxes arising out of its willful misconduct or negligence for which Buyer becomes liable.
- 8.4. Supplier shall not collect Taxes on the supply of Goods and Services pursuant to the Order under circumstances where (i) the transaction is not subject to Taxes, (ii) the liability for payment of Taxes is shifted or reversed by law or statute or otherwise is the legal responsibility of Buyer or (iii) Buyer has been authorized to pay Taxes directly to the appropriate tax authority.
- 8.5. Supplier shall deliver electronically by way of the Internet all software of any type, including manuals. Supplier shall separately itemize the prices of electronically delivered software, licenses, fees and Services on invoices. Invoices shall clearly indicate the manner of software delivery by inclusion of the phrase, "software delivered electronically to the customer via the Internet." License locations should clearly be stipulated in the Order or Agreement to allow for proper allocation of any Taxes owed.
- 8.6. Supplier warrants that invoices issued in relation to Goods and Services supplied under the Order are in compliance with any and all requirements as to content and format imposed by tax and/or civil statute that has jurisdiction over the transaction or transactions performed by Supplier.
- 8.7. Buyer shall withhold any portion of the monies from the amount payable under the invoices issued to it to account for any withholding for taxes that is required to be made by Buyer pursuant to the tax laws in the relevant tax jurisdiction. Any such amount required to be withheld by Buyer on behalf of Supplier shall be deemed a payment on account of the relevant invoices issued to Buyer. Buyer shall provide Supplier with receipts supporting any taxes withheld.
- 8.8. Buyer is not responsible for any tax based on Supplier's income, payroll or gross receipts.
- 8.9. Buyer shall report and remit any Taxes relating to property for which Buyer retains title pursuant to the Order or Agreement (as applicable), accruing prior to and after the commencement of the Order or Agreement (as applicable). Where Supplier possesses Buyer-owned property, Supplier shall notify Buyer of any disposal or movement of such property. Supplier shall report and remit any property-related Taxes relating to property for which Supplier retains title pursuant to the Order or Agreement (as applicable), accruing prior to and after the commencement of the Order or Agreement (as applicable).
- 8.10. Supplier shall, upon receipt from any Tax Authority of any levy, notice, assessment, or withholding of any Taxes for which Buyer may be obligated, notify Buyer in writing.

- 8.11. Supplier shall cooperate in the equitable resolution of disputes pertaining to any Taxes arising from the Order or Agreement. If Buyer may directly contest any Taxes in its own name, then it may do so and, to the extent permitted by law, withhold payment during contest pendency. If Buyer is not so permitted, Supplier shall in good faith, as requested by Buyer, contest the Taxes. Supplier shall supply Buyer with information and documents as Buyer may reasonably request for Buyer to control or participate in any proceeding to the extent permitted herein.
- 8.12. If Supplier receives a refund of any Taxes attributable to Buyer; Supplier shall pay such amount to Buyer within thirty (30) days of receipt. Supplier shall indemnify Buyer against any and all losses, costs, and expenses (including reasonable attorneys' fees) which result from Supplier's violation of its obligations under this section.

9. Inspection and Audit Rights

- 9.1. Supplier (which, for the purposes of this Section, includes Supplier and its suppliers) shall at any time, and after reasonable notice by Buyer, (i) grant to Buyer, Buyer's Customers and/or to any competent regulatory authority, unrestricted access to (or if requested by Buyer, provide to Buyer copies of) Supplier's books and records (including, without limitation, agreements and technical inspection and quality records, but excluding financial books and records), wherever such books and records may be located (including third-party repositories), and (ii) provide Buyer, Buyer's Customers and/or any such authority the right to access, and to perform any type of inspection, test, audit or investigation at Supplier's premises, including manufacturing and test locations for the purpose of enabling Buyer to verify compliance with the requirements set forth in the Order or for any other purpose indicated by Buyer's Customers and/or said authority in connection with the design, development, certification, manufacture, sale, use and/or support of the Goods. Supplier and its suppliers shall furnish all reasonable facilities and assistance for the safe performance of the inspection, test, audit and/or investigation.
- 9.2. Supplier shall maintain complete inspection records for all Goods which shall be available to Buyer during performance of an Order and until the later of: (i) four (4) years after final payment, (ii) final resolution of any dispute involving the Goods delivered hereunder, (iii) the latest time required by an Order, (iv) the latest time required by applicable laws and regulations, (v) the latest time required by the ASQR-01 version effective as of the date of the Order, or (vi) as otherwise directed by Buyer.
- 9.3. Any corrective action requested by Buyer, Buyer's Customers and/or any said authority following any such inspection, test, audit or investigation shall be implemented by Supplier at no cost.
- 9.4. In addition to any other inspection or audit rights granted to Buyer hereunder, Buyer may inspect and audit, on reasonable notice, Supplier's financial books and records if the Order: (i) is a time and material order, (ii) is a cost-based order, or (iii) provides for advance or progress payments based on costs incurred by Supplier.

10. Aviation Unique Requirements

- 10.1. Supplier shall immediately notify Buyer upon receipt of any Government-Industry Data Exchange Program ("GIDEP") Alert or any alert related to equivalent or similar program, related to Goods, and shall provide Buyer a list of all affected Goods by Order, part

number, invoice number, serial number, or any other identifying number as applicable. For GIDEP Alerts caused in whole or in part by the Goods, Supplier shall immediately replace all affected Goods at its sole expense including any installation and removal costs for the Goods so affected and reimburse Buyer for any damages and commercially reasonable expenses incurred by Buyer.

- 10.2. If the FAA, EASA or other aviation authority, issues Airworthiness Directives ("ADs"), or the equivalent of ADs, related to Goods, Supplier shall immediately remove the cause(s) of the ADs or AD equivalents in all Goods delivered and to be delivered to Buyer including but not limited to Goods utilized in the field. Supplier shall reimburse Buyer for any costs and damages associated with removal, redelivery and installation of Goods, incurred by Buyer as a result of such ADs or equivalent of ADs which are attributable to the Goods.
- 10.3. Following completion of any Buyer required reviews and approvals, Supplier shall provide all service bulletins, safety bulletins and ADs (collectively in this sub-Section "Bulletins") to Buyer immediately upon issuance. Supplier shall implement Supplier's recommendations contained in Bulletins on all Goods delivered and to be delivered.

11. Product Support Obligation

Supplier shall maintain the ability to provide, and shall provide, product support for the Goods, which shall include, without limitation, assuring that subcomponents and materials are available, maintaining tooling and other production capability and re-engineering components or systems to address obsolescence until the later of twenty five (25) years after the last Order is placed by Buyer for Goods or less than five (5) end products incorporating Goods are in operation anywhere in the world.

12. Buyer-Furnished and Buyer-Funded Items

- 12.1. All material, including information, required to be furnished to Supplier under the Order ("Buyer Furnished Items") shall be delivered as specified in the Order, or, if not specified, in sufficient time to enable Supplier's timely performance. Buyer shall have no liability to Supplier for any delays or failures in the delivery of Buyer Furnished Items. If Buyer Furnished Items are not delivered to Supplier in sufficient time to enable Supplier to meet Delivery Dates, Supplier may notify Buyer of the delay and shall be entitled to an extension of such schedule equal to the period of the delay. Such adjustment shall be Supplier's sole and exclusive remedy.
- 12.2. Title to all tooling, test equipment, and material identified as a separate line item under this or any previous Orders, or referred to in any agreement between Buyer and Supplier, and fabricated or acquired by Supplier ("Buyer Funded Items") shall vest in Buyer.
- 12.3. Buyer Furnished Items and Buyer Funded Items (collectively, "Buyer Items") shall be used only for the purposes of the Order. Supplier shall not use Buyer Items on any other order without Buyer's written permission. Supplier shall, at its own expense: (i) establish and follow a preventative maintenance calibration and repair program for, (ii) safely store (separated from other material where practicable), and (iii) maintain in good, workable condition all Buyer Items.

- 12.4. Unless otherwise directed by the Buyer, Supplier shall account to Buyer for the proceeds from the sale of scrap or other high cost material "off fall" generated during the performance of the Order by the processing of Buyer Items unless Supplier reimburses Buyer at Buyer's current prices for any Buyer Items used by Supplier. Intact or recognizable Buyer Items, the Goods or any other items in connection with this Order subject to the ITAR, 22 C.F.R. Chapter I, Subchapter M, Parts 120 – 130 or the EAR, 15 C.F.R. Parts 300 to 799, components, and parts are not considered scrap. All Buyer Items, Goods or other items subject to the ITAR and/or EAR must be controlled and unauthorized non-U.S. Person access restricted until it is rendered useless beyond repair, rehabilitation, or restoration to remove any unique identifiers, data plates, part numbers, serial numbers, defensive or offensive capability and any recognition characteristics of the item before being considered recyclable, waste, or discarded material, all in accordance with applicable Export Control Laws, as defined below.
- 12.5. Title to any Buyer Items shall remain with Buyer. Buyer, in order to protect its interests, may require Supplier to execute documents that are related to Buyer Items, including, Uniform Commercial Code financing statements or any similar documents. Supplier shall plainly mark and adequately identify Buyer Items as being Buyer's property. Supplier shall not substitute any property for or modify Buyer-Furnished Items.
- 12.6. Upon Buyer's request, Supplier shall provide an annual written inventory of Buyer's Items, including certification of compliance with this Section and proof of adequate insurance covering full replacement cost of Buyer Items.
- 12.7. Supplier shall, upon discovery, provide notification to Buyer if any Buyer Items are lost, damaged or destroyed. Upon completion or termination of the Order, or at any time upon Buyer's request, Supplier shall, at its own expense, dispose of Buyer Items in accordance with Buyer's instructions.
- 12.8. If Buyer Items are furnished to Supplier in connection with the production of Goods to be imported by Buyer into the European Union, Supplier shall comply with all the French and European customs regulations. When applicable, Supplier shall comply with all instructions from Buyer to document the value of such Buyer Items as "assists" in compliance with U.S. Customs and Border Protection requirements.

13. Changes

- 13.1. Buyer's authorized procurement representative (which does not include Buyer's engineering and technical personnel) may unilaterally make changes within the general scope of the Order, including changes in whole or part to: (i) shipping, waste reduction or packing instructions, (ii) place of delivery, (iii) any designs, Specifications and drawings, (iv) the statement of work, (v) the method or manner of performance, (vi) Buyer Items, facilities, equipment, or materials, (vii) Prime Contract flowdown requirements and/or (viii) quality requirements (collectively "Change(s)"). Supplier shall perform any Changes ordered by Buyer. Any Order terms that incorporate flexibility for variations or modifications shall not be considered Changes within the meaning of this Section.
- 13.2. Except as set forth herein, or as otherwise agreed, if any Change under this Section causes an increase or decrease in the cost of or the time required for performance, an equitable adjustment shall be made in price or delivery schedule or both ("Adjustment

Claim"), and Buyer shall modify the Order accordingly. Supplier must submit an Adjustment Claim in writing in the form of a complete change proposal, fully supported by factual information, to Buyer's procurement representative no later than fifteen (15) days after Supplier's receipt of the Change. Supplier acknowledges and agrees that certain changes in delivery/performance schedule are normal and anticipated in the course of the program. Supplier further agrees that the cost of such changes is included in the prices provided under the Order. Accordingly, Supplier shall not be entitled to a price adjustment hereunder for any Change to the delivery schedule when deliveries are rescheduled within twelve (12) months of the delivery schedule in existence at the time of the Change. If any Change ordered by Buyer as a result of an order by Buyer's Customer causes an increase or decrease in the cost of or the time required for performance of any Order or the Agreement, Supplier will receive an equitable adjustment in price or delivery schedule or both, but only if and to the proportional extent Buyer receives such an adjustment from Buyer's Customer, and provided all applicable requirements are followed by Supplier as set forth in the Change and the Order.

- 13.3. If the cost of property or material made obsolete or excess as a result of a Change is included in the Adjustment Claim, Buyer may direct the disposition of such property or material. Notwithstanding any pending Adjustment Claims, Supplier shall diligently proceed with the performance of the Order, as directed by Buyer.
- 13.4. If Supplier considers that Buyer's conduct constitutes a Change, Supplier shall notify Buyer's authorized procurement representative immediately in writing as to the nature of such conduct and its effect upon Supplier's performance. Supplier shall take no action to implement any such Change without written direction from Buyer's authorized procurement representative.

14. Stop Work Order

Buyer may, from time to time, require Supplier to stop all or any portion of the work called for by the Order for a period of up to 120 days ("Stop Work Period") at each such time. Upon receipt of written notice detailing the length and scope of the Stop Work Period, Supplier shall immediately comply with its terms at no charge. Within the Stop Work Period, Buyer may either: (i) cancel the stop-work order and Supplier shall resume work; or (ii) terminate the work covered by the stop-work order, for default or convenience, as the context requires, in accordance with the provisions hereunder. If Buyer has not exercised its rights set forth in either (i) or (ii) above prior to the expiration of the Stop Work Period, then at least thirty (30) days prior to said expiration, Supplier shall notify Buyer of its intent to resume work under the applicable Order and shall obtain Buyer's written consent prior to resuming work.

15. Termination for Default

- 15.1. Buyer may, by written notice, terminate the Order (which, for the avoidance of doubt, includes the Agreement) or any portion thereof, for default without any liability or obligation whatsoever to Supplier for the portion terminated, in the following circumstances: (i) Supplier fails to perform any obligation hereunder, including a delivery obligation; (ii) when Buyer has reasonable grounds for insecurity, and Supplier fails to provide adequate assurances of performance within ten (10) days following Buyer's demand or, (iii) to the extent admissible by applicable law, should Supplier (a) become insolvent, (b) become unable to pay its debts as they mature, (c) make a general

assignment for the benefit of creditors, (d) have a receiver appointed for the whole or any substantial part of its assets, or (e) become in any way the subject of a bankruptcy petition.

- 15.2. Buyer shall have no liability in relation to those Goods terminated for Supplier's default. Supplier shall be liable to Buyer for any and all expenses, costs, and damages including increased procurement costs, requalification costs, and other non-recurring costs, except in the circumstance of any failure or delay constituting an "Excusable Delay" as set forth in the Section herein entitled "Force Majeure."
- 15.3. If the Order is entirely or partially terminated under this Section other than pursuant to Section 15.1(iii), Buyer, in addition to any other rights Buyer may have, may require Supplier, at no charge to Buyer, to: (i) deliver to Buyer all information, data, know-how, and other Intellectual Property, including proprietary and manufacturing information, utilized by Supplier in performing the Order; (ii) deliver the tooling and test equipment necessary to make or have made the Goods and provide technical and transition assistance; and (iii) provide to Buyer a worldwide, for the legal duration of the protection of the relevant Intellectual Property, non-exclusive, fully paid, irrevocable, license, with the right to grant sublicenses, to Supplier's information, data, know-how, and other Intellectual Property, including proprietary and manufacturing information, to the extent necessary, to enable Buyer to make, have made, use, sell and license the Goods.
- 15.4. To the extent admissible by applicable law, in addition to and not in lieu of other rights to Intellectual Property otherwise set forth in the Agreement or these Terms and Conditions, Supplier hereby grants to Buyer a worldwide, for the legal duration of the protection of the relevant Intellectual Property, non-exclusive, fully paid, irrevocable, license ("Additional License"), with the right to grant sublicenses, to Supplier's information, data, know-how, tooling, test equipment and other Intellectual Property, including without limitation proprietary and manufacturing information to enable Buyer to make, have made, use, sell and license the Goods, subject to the following restriction. Buyer hereby agrees not to exercise such rights under this Additional License except in the event Supplier (i) becomes insolvent, (ii) becomes unable to pay its debts as they mature, (iii) makes a general assignment for the benefit of creditors, (iv) has a receiver appointed for the whole or any substantial part of its assets, or (v) becomes in any way the subject of a bankruptcy petition, whether or not the Order is terminated. As part of such Additional License, Supplier shall upon Buyer's written request and at no charge to Buyer, promptly (a) deliver to Buyer all information, data, know-how, and other Intellectual Property, including proprietary and manufacturing information, utilized by Supplier in performing the Order, and (b) deliver the tooling and test equipment necessary to make or have made the Goods and provide technical and transition assistance in order to ensure Buyer's continuing requirements for Goods.
- 15.5. If, after notice of termination under this Section, it is determined that Supplier was not in default, the rights and obligations of the Parties shall be the same as if the notice of termination had been issued pursuant to the Termination for Convenience Section. In such case, Supplier shall not be entitled to any remedy other than as provided for in the Termination for Convenience Section.

16. Termination for Convenience

- 16.1. Buyer may, at any time, terminate all or part of the Order (which, for the avoidance of doubt, includes the Agreement), for its convenience upon written notice to Supplier.
- 16.2. Upon termination, in accordance with Buyer's written direction, Supplier will immediately: (i) cease work and place no further subcontracts or orders for materials, services, or facilities, except as necessary to complete the continued portion of the Order; (ii) prepare and submit to Buyer an itemization of all completed and partially completed Goods and/or Services; (iii) deliver to Buyer any and all Goods completed up to the date of termination at the pre-termination Order price; and (iv) if requested by Buyer, deliver any work-in-process.
- 16.3. In the event Buyer terminates for its convenience after performance has commenced, Buyer will compensate Supplier only for the actual and reasonable work-in-process costs incurred by Supplier on Goods required to be delivered within the Lead Time period, calculated from Buyer's issuance of the notice of termination. If the Order does not specify Lead Time, Lead Time shall be the reasonable average lead time for the Goods in accordance with Buyer data. Supplier shall use reasonable efforts to mitigate its own and Buyer's liability under this Section. In order to receive compensation, Supplier's termination claim must be submitted within ninety (90) days from the effective date of the termination.
- 16.4. Buyer shall not be liable to Supplier for costs or damages other than as described above, and in no event for lost or anticipated profits, or unabsorbed indirect costs or overhead, or for any sum in excess of the price allocated to the portion of the Order terminated.

17. Customs Trade Partnership Against Terrorism (C-TPAT) Program

This Section is applicable to Orders in which Goods will be shipped into the United States.

- 17.1. Supplier agrees that, during the period in which it ships Goods to Buyer, it and its subcontractors who either ship directly or package Goods for shipment will either (i) be certified under the Customs Trade Partnership Against Terrorism ("C-TPAT") program by the U.S. Customs and Border Protection or (ii) demonstrate to Buyer's satisfaction that it meets the security requirements of C-TPAT. Accordingly, Supplier must either provide Buyer with documentation that it and its subcontractors are certified (e.g. C-TPAT certification or Status Verification Interface (SVI) number), or provide documentation and evidence satisfactory to Buyer to demonstrate compliance with C-TPAT security requirements, available at www.cbp.gov.
- 17.2. Upon five (5) days prior written notice, Buyer, or its designee, may audit all pertinent books and records of Supplier and its subcontractors, and make reasonable inspection of Supplier's and its subcontractors' premises, in order to verify compliance with the requirements of this Section.
- 17.3. Any delay in delivery due to Supplier's failure to comply with this provision shall not relieve Supplier of its obligations and shall not constitute a force majeure or give rise to an Excusable Delay (as defined in the Section hereunder entitled "Force Majeure").

18. Intellectual Property Rights (for non-U.S. Government Orders)

- 18.1. "Background Intellectual Property" shall mean all Intellectual Property other than Foreground Intellectual Property.
- 18.2. "Foreground Intellectual Property" shall mean all Intellectual Property and tangible work product conceived, created, acquired, or first reduced to practice in connection with the Order.
- 18.3. Each Party retains its existing rights in Background Intellectual Property.
- 18.4. Buyer shall own all Foreground Intellectual Property. Supplier shall disclose to Buyer all Foreground Intellectual Property. If not expressly required to be delivered in the Order, Supplier shall deliver to Buyer all Foreground Intellectual Property upon written request from Buyer. Supplier hereby irrevocably assigns and promises to assign to Buyer all right, title and interest to all Foreground Intellectual Property. Supplier agrees to do all things reasonably necessary to enable Buyer to secure and perfect Buyer's Foreground Intellectual Property rights, including, without limitation, executing specific assignments of title in Foreground Intellectual Property by Supplier to Buyer and cooperating with Buyer at Buyer's expense to defend and enforce Buyer's rights in any such Foreground Intellectual Property. All Foreground Intellectual Property shall be considered Buyer's Proprietary Information (defined hereinafter). Supplier agrees that, for any works of authorship created by Supplier or any employees or any others used by Supplier in the course of the Order, those works that come under one of the categories of "Works Made for Hire" in 17 U.S.C. §101 shall be considered "Works Made for Hire."
- 18.5. Supplier represents and warrants that Supplier has sufficient rights in all Goods, Services, and Intellectual Property and other items that Supplier uses or transfers to Buyer in connection with the Order to allow Supplier to lawfully comply with the Order.
- 18.6. Supplier hereby grants and promises grant to Buyer and Buyer's Affiliates a worldwide, non-exclusive, for the legal duration of the protection of the relevant Intellectual Property, fully-paid, irrevocable, transferable license to Background Intellectual Property (i) to use, sell, offer for sale, import, export, copy, adapt, embed, modify, make derivative works, make and have made Goods and Services, and (ii) to enable Buyer to practice the Foreground Intellectual Property.
- 18.7. Supplier represents and warrants that Supplier shall not provide, in the performance of the Order, any software, including without limitation source code, compiled code, embedded software, firmware, free software, open source software, freeware, general public license-governed software, or any electronic hardware, including without limitation free hardware designs, or open source hardware designs, in any form that is subject to any obligations or conditions that may provide a legal right to any third party to access such software, and/or electronic hardware, or that could otherwise impose any limitation or condition on Buyer's use, reproduction, modification, distribution or conveyance of such software or electronic hardware.
- 18.8. Except as expressly authorized herein, nothing in the Order shall be construed as Buyer granting Supplier a license in or any right to use any of Buyer's Intellectual Property other than in the performance of work under the Order.

19. Intellectual Property Indemnification

- 19.1. Supplier shall indemnify and hold harmless Buyer, Buyer's Customers, Affiliates, and subsidiaries, their agents, directors, officers, and employees, and each subsequent purchaser or user, from any losses, costs, damages, and liabilities, including, without limitation, any attorney's fees, court costs and fines, arising from any potential or actual claim, suit, injunction, action, proceeding, or investigation alleging infringement or violation of any Intellectual Property rights or license, related to the manufacture, use, sale, offer for sale, import, or other exploitation of any Goods or Services delivered or performed in connection with the Order ("Claim").
- 19.2. Supplier shall not be liable for any Claim based on Supplier's compliance with any Specification created by Buyer, unless: (i) Supplier could have complied with Buyer's Specification using a solution that was non-infringing; (ii) the relevant portion of the Specification was derived from, recommended by, or provided by, Supplier; or (iii) Supplier knew or should have known of a Claim or potential Claim and did not promptly notify Buyer in writing.
- 19.3. Supplier shall, upon written notice from Buyer of a Claim, promptly assume and diligently conduct the entire defense of a Claim at its own expense. Insofar as Buyer's interests are affected, Buyer shall have the right, at its own expense and without releasing any obligation of Supplier, to participate and intervene in a Claim. Buyer shall have the right to reasonably reject counsel selected by Supplier. Supplier shall not enter into any settlement without Buyer's prior written consent, which shall not be unreasonably withheld.
- 19.4. Buyer may supersede Supplier in the defense of any Claim, and assume and conduct the defense at Buyer's sole discretion. In such an event, Supplier shall be released from any obligation to pay for attorneys' fees and court costs, but not settlement or damages, and any such release is expressly conditioned on Supplier's complete cooperation with Buyer in Buyer's defense of such Claim at Buyer's expense. Buyer shall not enter into any settlement without Supplier's prior written consent, which shall not be unreasonably withheld.
- 19.5. If the manufacture, use, sale, offer for sale, import, export, or other exploitation of any Goods or Services is enjoined by a court, if delivery is precluded by a government entity, or should Supplier refuse to provide or supply any Goods or Services to avoid a potential third party claim, Supplier shall avoid any disruption to Buyer and shall (i) secure for Buyer the right to provide, use or sell such Goods or Services; (ii) modify or replace such Goods or Services with equivalent non-infringing Goods or Services; or (iii) provide such other solution acceptable to Buyer. Supplier shall reimburse Buyer for Buyer's costs incurred in obtaining all internal, external and Buyer's Customer approvals, qualifications, certifications, and the like, necessary for making, using, providing and selling alternate non-infringing Goods or Services. Supplier shall refund to Buyer the purchase price of any such Goods or Services that Buyer is prohibited from providing, using, selling, offering for sale, importing, exporting, or otherwise exploiting.

20. Proprietary Information

- 20.1. In order to deliver the most effective and efficient Goods and Services possible and meet Buyer's requirements for those Goods and/or Services, Buyer and Supplier anticipate

the need to exchange Proprietary Information (as defined below) for the design, development, testing, manufacture and/or repair of Goods and/or Services, as applicable in connection with such Order and/or the Agreement. In recognition of the value of that Proprietary Information, as well as to protect Buyer's goodwill and reputation in its products, Supplier agrees to the terms and conditions of this Section 20 Proprietary Information.

- 20.2. "Proprietary Information" shall mean all information, knowledge or data (including without limitation financial, business, and product strategy information; product specifications; product designs; procedures; studies; tests; and reports) in written, electronic, tangible, oral, visual or other form, (i) disclosed by, or obtained from, Buyer or (ii) conceived, created, acquired, or first reduced to practice in connection with the Order. If Buyer furnishes sample products, equipment, or other objects or material to Supplier, the items so received shall be used and the information obtained from said items shall be treated as if they were Proprietary Information disclosed in connection with the Order.
- 20.3. Unless Supplier has received Buyer's express written consent to the contrary, Supplier shall (i) use the Proprietary Information solely for the purposes of the Order, and not for any other purpose (including, without limitation, designing, manufacturing, selling, servicing or repairing equipment for entities other than Buyer; providing services to entities other than Buyer; or obtaining any government or third party approvals to do any of the foregoing); (ii) safeguard the Proprietary Information to prevent its disclosure to or use by third parties; (iii) not disclose the Proprietary Information to any third party; and (iv) not reverse engineer, disassemble, or decompile the Proprietary Information.
- 20.4. Supplier may disclose the Proprietary Information to employees, officers, directors, or contract labor personnel of Supplier who have a need to know such Proprietary Information for the purposes of performing the Order and who have executed a written agreement with Supplier obligating such person to treat such information in a manner consistent with the terms of this Section.
- 20.5. The Order shall not restrict Supplier from using or disclosing any information that, as proven by written contemporaneous records kept in the ordinary course of business: (i) is or may hereafter be in the public domain through no improper act or omission of Supplier or a third party; (ii) is received by Supplier without restriction as to disclosure by Supplier from a third party having a right to disclose it; (iii) was known to Supplier on a non-confidential basis prior to the disclosure by Buyer; or (iv) was independently developed by employees of Supplier who did not have access to any of Buyer's Proprietary Information.
- 20.6. If Proprietary Information is required to be disclosed pursuant to judicial process, Supplier shall promptly provide notice of such process to Buyer and, upon request, shall fully cooperate with Buyer in seeking a protective order or otherwise contesting such a disclosure. Disclosure of such requested Proprietary Information shall not be deemed a breach of the Order provided that the obligations of this Section are fulfilled by Supplier.
- 20.7. Buyer shall have the right to audit all pertinent documentation of Supplier, and to make reasonable inspection of Supplier's premises, in order to verify compliance with this Section.

- 20.8. Obligations in this Section regarding Proprietary Information shall continue until such time as all Proprietary Information is publicly known and generally available through no improper act or omission of Supplier or any third party.
- 20.9. Unless required otherwise by law or the Order, Supplier shall promptly return, or otherwise dispose of Proprietary Information as Buyer may direct. Absent contrary instructions, Supplier shall destroy all Proprietary Information one (1) year after termination or completion of the Order and provide written acknowledgement to Buyer of such destruction.
- 20.10. Supplier agrees to cause all information regardless of form (including, for example, electronic, magnetic and optical media, software, and compilations), containing or derived in whole or in part from Proprietary Information to bear the following legend:

This document contains the property of United Technologies Corporation and/or a United Technologies Corporation Affiliate. You may not possess, use, copy or disclose this document or any information in it for any purpose, including without limitation to design, manufacture, or repair parts, or obtain FAA, EASA, Transport Canada Civil Aviation (TCCA) or other government approval to do so, without express written permission. Neither receipt, from any source, nor possession of this document, constitutes such permission. Possession, use, copying or disclosure by anyone without express written permission of United Technologies Corporation and/or the United Technologies Corporation Affiliate issuing the Order is not authorized and may result in criminal and/or civil liability.

- 20.11. Notwithstanding any proprietary or confidential labels or markings, the Supplier agrees that all information of Supplier disclosed to Buyer relating to the Order including confidential information and the content of the Order may be disclosed by Buyer to Buyer's Affiliates, or to Buyer's Customer or Buyer's subcontractors and potential subcontractors provided that Buyer's Customer or subcontractors have a need to access or know such information. Moreover, Buyer may disclose all Supplier information, in accordance with applicable governmental regulations, to the FAA, the European Aviation Safety Agency (EASA), TCCA, any other governing international airworthiness certifying authority, and/or any other department or agency of the U.S. Government, including, without limitation, for the purpose of obtaining necessary government approvals.
- 20.12. Supplier agrees that it will not accept from any third party, or use, any information that appears to be similar to Proprietary Information without first obtaining Buyer's express written consent, except that Supplier may receive solicitations or purchase orders issued by a partner or higher-tier supplier of Buyer that expressly reference a Buyer Purchase Order and contain obligations no less stringent than this Section. Supplier shall promptly notify Buyer if Proprietary Information is offered to Supplier by a third party or of the suspected possession of Proprietary Information by a third party.
- 20.13. Supplier acknowledges that exposure to Buyer's Proprietary Information and other Intellectual Property will make it easier for Supplier to manufacture or repair, or to apply for or assist another entity in obtaining FAA, EASA, or other government approval for, parts that are the same parts or that have the same form, fit and function, as parts Supplier supplies to Buyer pursuant to an Order hereunder. Supplier also acknowledges that Buyer's goodwill and reputation which become associated with parts supplied by Supplier pursuant to an Order hereunder once approved for use in Buyer's products

make it easier for Supplier to manufacture or repair, or to apply for or assist another entity in obtaining FAA, EASA or other government approval for those parts, or parts that have the same form, fit and function, for use in Buyer's products. Supplier agrees that it shall not manufacture or repair parts that Supplier supplies to Buyer pursuant to an Order hereunder, or manufacture or repair parts having the same form, fit and function, for use in Buyer's products, or apply for or assist another entity in obtaining FAA, EASA or other government approval for any such parts, without Buyer's written consent. If Supplier manufactures or repairs any such parts, or applies for or assists another entity in obtaining FAA, EASA or other government approval for any such parts, for use in Buyer's products without obtaining Buyer's written consent, then it shall be considered a breach of the Order and Buyer shall be entitled to injunctive relief and such other remedies as a court may order

20.14. Supplier acknowledges that exposure to Buyer's Proprietary Information and other Intellectual Property will make it easier for Supplier to manufacture or repair parts, or to apply for or assist another entity in obtaining FAA, EASA or other government approval for, parts that are the same or that have the same form, fit and function, as parts Supplier supplies to Buyer pursuant to an Order hereunder. Supplier agrees to notify Buyer in writing and to obtain Buyer's written consent prior to manufacturing or repairing any parts, or applying for or assisting another entity in obtaining FAA EASA or other government approval for any parts, for itself or another entity, that have the same form, fit and function as any parts Supplier supplies to Buyer pursuant to an Order hereunder. Supplier's notification shall (a) describe the parts to be manufactured or repaired, or for which application for or assistance to another entity in obtaining FAA EASA or other government approval for such parts is to be provided, (b) identify the corresponding parts Supplier supplies to Buyer and (c) provide Buyer with sufficient information to demonstrate that Supplier will manufacture or repair, or apply for or assist another entity in obtaining FAA EASA or other government approval for such parts (as the case may be) without reference to or use of Buyer Proprietary Information or other Buyer Intellectual Property. If Supplier manufactures or repairs any such parts without obtaining Buyer's written consent (or applies for or assists another entity in obtaining FAA EASA or other government approval for such parts), then it shall be considered a breach of the Order and Buyer shall be entitled to injunctive relief and such other remedies as a court may order

20.15. Supplier shall not make accessible or sell completed or partially completed or defective Goods manufactured using or containing Proprietary Information to any unauthorized third parties. Goods not provided to Buyer shall be disposed of in a manner that prevents disclosure of Proprietary Information (including by reverse engineering).

20.16. For Proprietary Information exchanged in connection with the Order, the terms of this Section 20 Proprietary Information shall supersede any provisions regarding the protection of proprietary information in any other agreements between the Parties.

21. Security for UTC Information Stored by Supplier

21.1. Buyer wishes to ensure that Supplier has effective information security to ensure the secure storage and/or processing of UTC Information (as defined below) at Supplier's facility and to facilitate the exchange of information between Buyer and Supplier. As used in this provision, "UTC Information" means (i) Proprietary Information owned by UTC or a UTC Affiliate (each such entity, a "UTC Entity"); (ii) information managed by

UTC or a UTC Entity; (iii) information that UTC or a UTC Entity is obligated to manage and protect on behalf of others; and (iv) personally-identifiable information relating to an identified or identifiable employee of UTC or a UTC Entity or others that is protected by various privacy laws (current or future) as applicable throughout the world including, without limitation, Social Security Number, address, telephone number, gender, birth date, medical records, trade union membership, driver's license number, financial account number, credit or debit card number (all subsection (iv)) defined as "PII").

21.2. Supplier agrees to install and implement security hardware, software, procedures and policies that will provide reasonable and effective information security. Supplier agrees to update such hardware, software, procedures and policies as may be needed from time to time to utilize improved technology and to respond to more sophisticated security threats in order to maintain a level of security protection appropriate for the information involved and the current state of security solutions.

21.3. Supplier further agrees to:

21.3.1. Provide to Buyer a copy of its current information security policy, including its policy regarding physical security for access to devices that may access UTC Information. Supplier shall annually provide Buyer with its then current policy and indicate any plans, including a timetable for implementation, of planned upgrades to comply with the policy. Supplier shall implement those reasonable requests for modification of such policy requested by Buyer.

21.3.2. Allow Buyer or its designee at any time to conduct (or have conducted) a remote network audit. If the UTC Information is stored in a shared environment per the agreement of Buyer, then Buyer shall use a third party to conduct such audits. The audits shall include any facilities with UTC Information including backup storage facilities.

21.3.3. Segregate all UTC Information into a separate database only accessible by Buyer, its agents and those employees of Supplier necessary to maintain the equipment and the program on which it runs, unless otherwise agreed by Buyer. Logical segregation of data, if approved by Buyer, may be an acceptable alternative to this requirement. Except for Buyer and its agents, Supplier shall use reasonable efforts, as measured by the available technology at the time, to prevent anyone other than its authorized employees from accessing the UTC Information.

21.3.4. Assure that all UTC Information and applicable software is appropriately backed up and recoverable in the event of a disaster.

21.3.5. Encryption Requirements. The following requirements apply when Supplier has possession of UTC Information. Encryption algorithms used must be of sufficient strength to equate to 128-bit RC-4 or better. All cryptography technologies used must be published and approved by the general cryptographic community.

21.3.5.1 Encrypt all UTC Information stored on Supplier computer systems and backup media.

- 21.3.5.2 Encrypt all UTC Information transferred across public networks
- 21.3.5.3 Encrypt all UTC Information stored on Supplier mobile computing devices (e.g. laptop computers, PDAs (personal digital assistants), etc.)
- 21.3.6. Not to store PII on any Supplier mobile computing devices (e.g. laptop computers, PDAs (personal digital assistants), etc.)
- 21.3.7. Conduct appropriate background checks on all non-Buyer personnel who will have access to the environment and/or UTC Information and approve those personnel based on the results of those checks. Supplier must disclose to Buyer the procedures used for those employees having access to the UTC Information.
- 21.3.8. Provide Buyer at the time of signing the Agreement with a termination plan that addresses how UTC Information will be returned to Buyer at the termination or expiration of the Agreement, including backup and archival information, and how all UTC Information will be permanently removed from Supplier's equipment and facilities. This plan should include supplying the data to Buyer in an industry recognized non-proprietary database and, if not, a free-of-charge license to use the proprietary data base software to access the data.
- 21.3.9. Describe at the time of signing of the Agreement how Supplier will meet Buyer's requirement for a secure authentication process for access to UTC Information or, for less sensitive information, where "Strong Password" data control is sufficient, describe how this requirement will be met.
- 21.3.10. Provide information and cooperation to Buyer in response to any subpoena, investigation or the like seeking UTC Information and provide information and assistance for Buyer to seek certification and the like relative to its information including information in the possession of Supplier. Supplier shall promptly notify Buyer upon the receipt of any request requiring that UTC Information be supplied to a third party.
- 21.3.11. Comply, within a reasonable period of time, with UTC Information security policies as amended from time to time.
- 21.4. Supplier shall not provide UTC Information to any other entity without the prior written approval of Buyer, except to the extent expressly permitted under Section 20 Proprietary Information hereof. A request for Buyer approval shall include agreement by Supplier and such other entity that all of the requirements of this provision are applicable to their performance and that Buyer shall have the right to perform the audits described above.
- 21.5. Should Supplier fail to meet the then current standards for information security, or should Supplier fail to pass a Buyer audit on information protection, then Buyer may immediately terminate the Agreement and/or any Order in accordance with Section 15 without prejudice to any other rights or remedies and shall have no further obligation to Supplier.

21.6. The foregoing provisions do not otherwise diminish or limit Supplier's obligations regarding the receipt, use, protection and/or disclosure of Buyer Proprietary Information otherwise set forth hereunder.

22. Offset

22.1. Buyer may use all or any part of the value of the Order, including the value of any subcontracts placed by Supplier for the Order, for satisfying international offset obligations of Buyer, Buyer's Affiliates, or any entity that Buyer transfers such value to. Supplier may use the offset credit generated by the Order or the subcontracting of the Order only upon Buyer's written approval.

22.2. Supplier shall support Buyer in meeting Buyer's offset requirements in proportion to the value of the Goods supplied by Supplier to the value of the end item sold by Buyer into the particular country.

22.3. Upon Buyer's request Supplier shall (i) report all subcontract sources outside France utilized in the fulfillment of the Order, including the name and location of each such source, amounts paid and committed thereto and identification of the Goods or Services procured, and (ii) require its subcontractors, including those at all lower tiers, to maintain records of the above information.

23. Insurance

23.1. Without limiting Supplier's duty to hold harmless and indemnify hereunder, Supplier agrees to secure and carry as a minimum the following insurance with respect to all work to be performed and Goods to be produced under the Order for the duration of the Order: (i) Workers' Compensation Insurance, inclusive of an alternate employer endorsement, in an amount sufficient by virtue of the laws of the U.S., foreign country, state, or other governmental subdivision in which the work or any portion of the work is performed and Employer's Liability Insurance in the minimum amount of \$1,000,000 or any amount equivalent in Euros, for any one occurrence; (ii) Commercial General Liability Insurance including Premises Liability and contractual Liability, in which the limit of liability for property damage and bodily injuries, including accidental death, shall be at a minimum, a combined single limit of \$5,000,000 or any amount equivalent in Euros, for any one occurrence; (iii) if Supplier vehicles are used on Buyer's premises and/or used to accomplish work under the Order or otherwise on behalf of Buyer, Automobile Liability Insurance in which the limit of liability for property damage and bodily injuries, including accidental death, shall be a combined single limit of \$1,000,000 or any amount equivalent in Euros, for any one occurrence; (iv) if Supplier or its subcontractors have Buyer's materials or equipment in its care, custody or control, Supplier shall have and maintain All-Risk Property Insurance in an amount sufficient to meet or exceed the value of such material; and (v) if Supplier is performing professional services on behalf of Buyer, Supplier shall maintain Professional Liability Insurance with a limit of no less than \$5,000,000 or any amount equivalent in Euros,.

23.2. The following shall apply if Supplier is providing product, component parts, materials or work to be incorporated in aircraft where such products, parts or materials are classified as Flight Safety Parts (FSP) or its equivalent or having Critical Characteristics (CC) or its equivalent in accordance with the current revision of ASQR-01, ASQR-09.1 and/or any documents referenced therein: Supplier shall maintain Aircraft Product Liability,

Completed Operations Liability and, if applicable to the Goods or Services, Hangarkeepers Liability Insurance coverage in a minimum amount of Combined Single Limit of \$50,000,000 or any amount equivalent in Euros, for any one occurrence and in the aggregate where applicable, including AV52 coverage (War Risks Insurance). Such insurance shall remain in effect for two (2) years after the expiration or termination of the Order.

- 23.3. All such insurance shall be issued by companies authorized to do business under the laws of the State or jurisdiction in which all or part of the Services are to be performed, and must have an AM Best financial rating of A- or better or an equivalent rating as produced by another rating agency acceptable to Buyer.
- 23.4. The insurance coverages described above shall be in form satisfactory to Buyer, and shall contain a provision prohibiting cancellation or material change except upon at least ten (10) days' (seven (7) days in the case of War Risks Insurance) prior notice to Buyer. All such insurance policies will be primary in the event of a loss arising out of Supplier's performance of work and shall provide that where there is more than one insured the policy will operate, except for the limits of liability, as if there were a separate policy covering each insured and shall operate without right of contribution from any other insurance carrier by Buyer. Certificates evidencing such insurance and endorsements naming UTC and Buyer as an additional insured or, in the case of All Risk Property Insurance, naming UTC and Buyer as a loss payee, shall be filed with Buyer upon execution of the Order and before commencement of any work hereunder, and within thirty (30) days after any renewals or changes to such policies are issued. To the extent permitted by law, Supplier and its insurer(s) agree that subrogation rights against UTC and Buyer are hereby waived; such waiver shall be reflected on the insurance certificate. Supplier shall, if requested by Buyer, advise Buyer of the amount of available policy limits and the amounts of any self-insured retention.
- 23.5. The certificate of insurance shall identify the contract number or work to be performed and shall acknowledge that such coverage applies to liabilities incurred by Supplier, its employees, invitees or agents under the Order and that such insurance shall not be invalidated by any act or neglect of Supplier whether or not such act or neglect is a breach or violation of any warranty, declaration or condition of the policies.
- 23.6. Supplier shall require its subcontractors to maintain insurance in the amounts and types required by this Section.

24. Disaster Recovery

If Supplier is (i) providing Flight Safety Parts in accordance with the current revision of ASQR-01, ASQR-09.1, and/or any documents referenced therein; (ii) a sole source of supply; or (iii) providing products whose Lead Time exceeds one hundred twenty (120) days; or as otherwise directed by Buyer, Supplier shall develop and maintain a Disaster Recovery Plan acceptable to Buyer for the recovery and continuation of business related to the design, development, certification, manufacture, sale, use and/or support of the Goods furnished hereunder, in the event of a disaster or emergency. The Disaster Recovery Plan shall, among other things, prevent or limit the interruption of the supply of Goods in conformity with the requirements set forth herein. Supplier shall furnish a copy of Disaster Recovery Plan to Buyer upon request.

25. Standards of Business Conduct

- 25.1. Supplier shall adopt and comply with a policy statement or code of conduct regarding business ethics ("Code"). This Code will be suitable for Supplier's business and as a minimum will require compliance with all applicable laws and regulations. The Code shall assure a safe and healthy work environment, prohibit the use of child or forced labor, provide for the protection of the environment and minimization of waste, emissions, energy consumption and the use of materials of concern and prohibit engagement in corrupt practices (e.g. facilitating, offering or paying any bribe). This provision creates no additional duties for Buyer with respect to Supplier and confers no rights on third parties.
- 25.2. At Buyer's request, Supplier shall develop, adopt and comply with a technology control plan ("TCP") satisfactory to Buyer. Such TCP shall ensure that Supplier and its subcontractors comply with the terms of the Agreement (including the export control provisions of these Terms and Conditions). Supplier's compliance with the TCP shall be reviewed with Buyer at Buyer's request.

26. Compliance with Laws

- 26.1. Supplier shall comply with all applicable national, state, provincial, and local laws, ordinances, rules, and regulations applicable to the performance of the Order, except to the extent inconsistent with EU, French or U.S. antiboycott laws, including (i) the manufacture or provisioning of Goods, (ii) the shipping of Goods and (iii) the configuration or content of Goods for the use intended by Buyer.
- 26.2. Supplier shall, at the earliest practicable time, notify Buyer in writing if Supplier is (i) suspended, debarred, or proposed for suspension or debarment from doing business with the EU French or U.S. Government, or (ii) listed or is proposed to be listed by the EU, French or U.S. Government in any "denial orders," as a "blocked person," as a "specially designated national," or as a "specially designated terrorist" or any equivalent for EU, French or U.S. export administration purposes (collectively, "Debarment"). Any such Debarment shall constitute cause for Buyer to terminate the Order under the Section entitled Termination for Default.
- 26.3. Supplier shall, at the earliest practicable time, notify Buyer in writing if Supplier is subject to any federal, state, or foreign government criminal proceeding alleging fraud or corrupt practices, once initiated by the filing of a formal charging document in a court of law; and further notify Buyer of any subsequent felony convictions or deferred prosecution agreement(s) or any equivalent under any competent jurisdiction, related to the foregoing.
- 26.4. Supplier recognizes, consistent with the public policy underlying enactment of the Conflict Minerals provision (Section 1502) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"), the significant legal and non-legal risks associated with sourcing tin, tantalum, tungsten and gold (the "Conflict Minerals") from the Democratic Republic of the Congo and adjoining countries ("DRC countries"). Accordingly, Supplier commits to comply with Section 1502 of the Act and its implementing regulations; to the extent Supplier is not a "Registrant" as defined in the Act, Supplier shall comply with Section 1502 of the Act and its implementing regulations except for the filing requirements. In particular, Supplier commits to have in place a

supply chain policy and processes to undertake (i) a reasonable inquiry into the country of origin of Conflict Minerals incorporated into products it provides Buyer; (ii) due diligence of its supply chain, following a nationally or internationally recognized due diligence framework, as necessary, to determine if Conflict Minerals sourced from the DRC countries directly or indirectly support unlawful conflict there, and (iii) risk assessment and mitigation actions necessary to implement the country of origin inquiry and due diligence procedures. Supplier shall take all other measures as are necessary to comply with the Section 1502 of the Act and its implementing regulations, including any amendments thereto.

- 26.5. Supplier represents that it shall not furnish "counterfeit goods" to Buyer, defined as Goods or separately-identifiable items or components of Goods that may without limitation: (i) be an unauthorized copy or substitute of an original equipment manufacturer or original component manufacturer (collectively, "OEM") item; (ii) are not traceable to an OEM sufficient to ensure authenticity in OEM design and manufacture; (iii) do not contain proper external or internal materials or components required by the OEM or are not constructed in accordance with OEM design; (iv) have been re-worked, re-marked, re-labeled, repaired, refurbished, or otherwise modified from OEM design but are represented as OEM authentic or as new; or (v) have not passed successfully all OEM required testing, verification, screening, and quality control processes, or (vi) fail to meet the requirement of an "Approved Part" as defined in FAA Advisory Circular 21-29C and any updated version thereof and any equivalent circular from EASA. Counterfeit goods shall be deemed non-conforming, and in addition to any other rights Buyer may have at law or pursuant to an Order, the Agreement or these Terms and Conditions, Supplier shall disclose the source of the counterfeit good to Buyer and cooperate with Buyer with respect to any investigations or remedial actions undertaken by Buyer.
- 26.6. Supplier shall provide to Buyer, upon Buyer's reasonable request, the identity of its suppliers and/or the location of manufacture of the Goods or any subcomponents of the Goods, as applicable, to confirm compliance with legal and regulatory requirements, the Agreement, the Order and/or these Terms and Conditions.
- 26.7. In addition to any marking requirements set forth in the Specifications, Supplier shall determine, and mark all Goods with, the English name of the "country of origin" in accordance with the laws of the destination country. For Goods which will enter the U.S., the "country of origin" is the country where the last substantial transformation occurred to the Goods and where the work performed created the form of the Goods that is most representative of the drawing.

27. Applicable Law and Forum

- 27.1. The Order (which, for the avoidance of doubt, includes the Agreement) shall be interpreted in accordance with the plain English meaning of its terms and the construction thereof shall be governed by the laws in force in France. Pursuant to Article 6 of the United Nations Convention on Contracts for the International Sale of Goods, the Parties exclude the application of the provisions of said Convention to all transactions relating to the Order.
- 27.2. The Commercial Court of Buyer's headquarters shall have exclusive jurisdiction for any action or claim relating to or arising out of the Order, the Agreement or these Terms and Conditions.

28. Export Control

- 28.1. Supplier shall comply with the most current export control and sanctions laws, regulations, and orders applicable at the time of the export, re-export, transfer, disclosure or provision of Goods, software, technology or Services including, without limitation, the (i) French regulations including the Council Regulation (EC) n° 428/2009 (as amended) (ii) Export Administration Regulations ("EAR") administered by the Bureau of Industry and Security, U.S. Department of Commerce, 15 C.F.R. parts 730-774; (iii) International Traffic in Arms Regulations (the "ITAR") administered by the Directorate of Defense Trade Controls, U.S. Department of State, 22 C.F.R. parts 120-130; (iv) Foreign Assets Control Regulations and associated Executive Orders administered by the Office of Foreign Assets Control, U.S. Department of the Treasury, 31 C.F.R. parts 500-598; and (v) applicable laws and regulations of other countries and notably French and European export control and sanctions laws when applicable (collectively, "Export Control Laws").
- 28.2. Supplier shall, upon request, provide Buyer with a copy of any governmental export authorization ("Authorization") related to the Goods, software, technology or Services and of all provisions or conditions relating to that Authorization, including but not limited to, any restriction on sublicensing, retransfer, resale or re-export, any requirement for non-disclosure agreements and any limitation on individuals having access to Supplier's Goods, software, technology or Services. Supplier shall, without delay, provide any information requested by Buyer in support of any Authorization related to the Goods, software, technology or Services in support of Buyer's compliance activities, including Buyer's internal licensing processes.
- 28.3. Supplier shall provide Buyer with (i) the applicable Harmonized Tariff Schedule Number, and (ii) either (a) the United States Munitions List ("USML") category of such Goods, software, technology or Services that are controlled by the ITAR, or (b) the Export Control Classification Number ("ECCN") of such Goods, software or technology that are controlled by the EAR, to include the ECCN of parts and components if such classification differs from the ECCN of the Goods or software and (iii) Export Control Classification Number under French and/or European regulations and (iv) any analogous classification under any other applicable law. If Supplier is in the business of manufacturing, exporting or brokering USML items, Supplier shall maintain registration with the Directorate of Defense Trade Controls ("DDTC") as may be required by 22 C.F.R. §§ 122.1 and/or 129.3 of the ITAR and provide Buyer annually with its DDTC registration expiration date.
- 28.4. Supplier shall not export, re-export, transfer, disclose or otherwise provide Buyer's technical data controlled by Export Control Laws ("Technical Data") to any non-U.S. Persons or foreign commercial entities, or modify or divert such Technical Data to any military application, unless Supplier receives advance, written authorization from Buyer. Any subcontracts in the approved country for manufacture of Goods or provision of Services shall contain all the limitations of this Section and shall comply with all applicable export licenses or authorizations. Upon Buyer's request, Supplier shall demonstrate to Buyer, to Buyer's reasonable satisfaction, Supplier's and Supplier's subcontractors' compliance with this Section and all Export Control Laws. Supplier shall also promptly notify Buyer if it becomes aware of any failure by Supplier or Supplier's subcontractor's to comply with this Section and shall cooperate with Buyer in any investigation of such failure to comply. Upon completion of its performance under the

Order, Supplier and its subcontractors shall destroy or return to Buyer all Technical Data. Without limiting the foregoing, Supplier must control access to Technical Data, technologies tooling or materials, including, without limitation, the Goods subject to the ITAR or the EAR until such point as (a) the technologies, tooling, materials or Goods are rendered mutilated or scrapped in accordance with section 12.4 or reverted to a base alloy, and (b) the Technical Data and derived Technical Data has been cross-cut shredded, burned or chemically reverted to pulp in accordance with the requirements of Section 12.4, all of the foregoing in accordance with applicable Export Control Laws.

29. Toxic, Hazardous or Carcinogenic Substances

- 29.1. Supplier represents and warrants that the Goods and any substances contained therein are not prohibited or restricted by, and are supplied in compliance with, any laws or regulations of any country or jurisdiction in the world, including but not limited to the United States, the European Union ("EU"), and nations adopting legislation similar to that of the EU, and that nothing prevents the sale or transport of the Goods or substances in Goods in any country or jurisdiction in the world and that all such Goods and substances are appropriately labeled, if labeling is required, and have been pre-registered and/or registered and/or authorized under the EU Registration, Evaluation, Authorization and Restriction of Chemicals regulation ("REACH"), if pre-registration, registration and/or authorization is required.
- 29.2. In addition to complying with REACH, the EU's regulation of chemical substances (as is required under the Section hereto entitled "Compliance with Laws"), Supplier shall timely provide Buyer with all relevant information on the Goods so that the intent of REACH is met for communicating with downstream users as defined in Article 3(13) of REACH (any person established in the EU who uses a chemical substance in the course of his industrial or professional activities; the definition does not include the manufacturer, importer, distributor, or consumer), and in any case, Supplier shall provide all information necessary for Buyer and/or any downstream user to timely and accurately fulfill their obligations under REACH.
- 29.3. Supplier shall promptly notify Buyer in writing of any Substances of Very High Concern (as such category is specified in REACH) that are present in any Goods at levels above 0.1% by weight of such Goods, where the Goods were supplied either: a) six months before the inclusion of the substances concerned on the REACH "Candidate List" or b) at any time after such inclusion on the Candidate List. In addition, Supplier undertakes to properly and timely inform Buyer of the inclusion in Annex XIV of REACH of a substance contained in the Goods. In such event, Supplier shall discuss with Buyer actions to ensure continued compliance with REACH. Subject to compliance with antitrust rules, Supplier shall use its best efforts to obtain and maintain authorization under REACH for use of such substances, on the condition that (i) Buyer confirms in writing that it requests Supplier to request or renew an authorization for such specific use(s), (ii) it can be demonstrated that the risks of such uses are adequately controlled and/or Supplier can otherwise be granted an authorization as specified in Article 60 of REACH. If these conditions are not met, Supplier shall seek to identify or develop alternatives in due time for validation and use by Buyer before the relevant "Sunset date" under REACH. The listing of a substance present in the Goods in the REACH Candidate List or in Annex XIV of REACH shall not in itself constitute a valid cause for Supplier to fail to perform or delay performance under an Order pursuant to Section 44 hereof.

- 29.4. Supplier shall bear all costs, charges and expenses related to pre-registration, registration, evaluation and authorization under the REACH regulation of the chemical substances that are the subject of the Order.

30. Design and Process Specification Efforts

The following provision is applicable when (i) Supplier is designing new parts for Buyer, (ii) Supplier is developing new Specifications for Buyer, or (iii) Supplier is creating new work instructions, assembly instructions, repair instructions or required processes for Buyer.

Supplier shall submit to Buyer's procurement representative a written report of materials of concern ("MOC Report") (as defined by Buyer's design requirements, Specifications, or similar requirements supplied by Buyer) that are used in the production of, or are in, products that are the subject of the design, development or processing efforts. The MOC Report shall be submitted in the format specified by Buyer prior to Buyer's preliminary design review and again prior to Buyer's critical design review (or, if there are no such reviews, concurrently with Supplier's submission of the applicable drawings, specifications and/or instructions). The MOC Report shall give full details regarding the intended use of any materials of concern. Supplier shall cooperate with Buyer to consider alternative materials as discussed at design reviews.

31. News Releases/Publicity/Other Disclosures

Supplier shall not make or authorize any news release, advertisement, or other disclosure that relates to the Order or the relationship between Buyer and Supplier, denies or confirms the existence of the Order or makes use of Buyer's name or logo, without the prior written consent of Buyer.

32. Assignment

Any assignment by Supplier of the Order, in whole or in part, without Buyer's prior written consent shall be null and void, and shall constitute a material breach of the Order.

33. Setoff

Subject to applicable law, Buyer and its Affiliates may withhold, deduct and/or set off all money due, or which may become due to Supplier arising out of Supplier's performance under the Order or any other transaction with Buyer or its Affiliates.

34. Covenants Against Kickbacks and Political Contributions

- 34.1. Supplier has not offered or given and shall not offer or give anything of value (in the form of entertainment, gifts, or otherwise) to Buyer's employees or representatives for the purpose of obtaining the Order or favorable treatment under the Order.
- 34.2. Supplier represents and warrants that it has not made, nor will it make, or offer to make any political contributions, or pay, or offer to pay any fees or commissions in connection with these Terms and Condition, the Agreement or any Order.

35. Duty to Proceed

Except as expressly authorized in writing by Buyer, no failure of Supplier and Buyer to reach any agreement regarding a dispute related to the Order shall excuse Supplier from proceeding.

36. Duty Drawback

Supplier agrees to assign to Buyer any and all of Supplier's U.S. Customs duty drawback rights related to the Goods furnished hereunder in order for Buyer to seek duty drawback. Such duty drawback rights shall include rights developed by substitution and duty drawback rights obtained from sub-tier suppliers related to the Goods. Supplier agrees to inform Buyer of the existence of such duty drawback rights of which Supplier becomes aware. Supplier agrees to furnish upon request documents that Buyer reasonably requires, including, but not limited to, proof of importation and signed U.S. Customs Form 331 (Certificates of Manufacture), for Buyer to recover import duties related to the Goods. Supplier further agrees to provide such assistance to Buyer as requested in connection with the recovery of said import duties.

37. Change in Control

Prior to a potential change of control of Supplier and at least ninety (90) days prior to the proposed effectiveness of such change of control, Supplier will promptly notify Buyer in writing thereof, and provide the identity of the potential new controlling party and information on such party and the transaction as Buyer may request, consistent with applicable law and confidentiality restrictions. In the event there is a change in control with respect to Supplier or in the event that Buyer's competitor acquires an interest in Supplier, Buyer shall have the right to terminate the Order in whole or in part upon thirty (30) days written notice or any longer period of notice determined by the Buyer in accordance with applicable law, with Buyer's only obligation to pay for those conforming Goods and Services actually received prior to the expiry of such thirty (30) day period. A change in control of Supplier is deemed to have occurred if there is a change in the beneficial ownership, directly or indirectly, of twenty-five percent (25%) or more of the ownership interests in Supplier.

38. Partial Invalidity/Unenforceability

If in any instance any provision of the Order shall be determined to be invalid or unenforceable under any applicable law by any competent court or arbitration tribunal, such provision shall be ineffective only to the extent of such prohibition or unenforceability. The remaining provisions shall be given effect in accordance with their terms. The provision declared invalid or unenforceable shall be deemed to be restated to reflect as nearly as possible the meaning and essence of such provision without rendering such amended provision invalid or unenforceable.

39. Survival

All rights, obligations, and duties hereunder, which by their nature or by their express terms extend beyond the expiration or termination of the Order, including but not limited to Warranties, indemnifications, Intellectual Property (including rights to and protection of

Intellectual Property and proprietary information), and product support obligations shall survive the expiration or termination of the Order for the period stated herein if any.

40. No Waiver

No failure of any Party to exercise any right under, or to require compliance with, the Order, or knowledge of past performance at variance with the Order, shall constitute a waiver by such Party of its rights hereunder. No concession, latitude or waiver allowed by either Party to the other at any time shall be deemed a concession, latitude or waiver with respect to any rights unless and only to the extent expressly stated in writing, nor shall it prevent such Party from enforcing any rights in the future under similar circumstances.

41. Remedies

Except as expressly provided herein, the rights and remedies set forth herein are cumulative and in addition to any other rights or remedies that the Parties may have at law or in equity.

42. Order of Precedence

The order of precedence provision in an Agreement, if any, shall prevail over this Section.

If there are any inconsistencies or conflicts in the provisions applicable to the Order, precedence shall be given in the following descending order: (i) the face sheets of the Order including the price, price adjustment terms, specifications, shipping, quality requirements, drawings, work statements, and modifications to the Agreement and/or these Terms and Conditions that specifically reference the section being modified; (ii) regarding product support obligations, the terms of any product support agreement entered into by the Parties; (iii) terms of the Agreement under which the Order is issued; and (iv) these Terms and Conditions.

43. Delays

Whenever there is an actual delay or threat to delay the timely performance of the Order, Supplier shall immediately notify Buyer in writing of the probable length of any anticipated delay and take, and pay for, all activity to mitigate the potential impact of any such delay.

44. Force Majeure

- 44.1. Supplier shall be liable for any failure or delay in performance in connection with the Order, except where such failure or delay results from causes that are, at one and the same time, unforeseeable, unavoidable, outside of its control and without its fault or negligence, provided Supplier gives Buyer, within three (3) days of Supplier's learning of such cause, written notice to the effect that a failure or delay by Supplier will occur or has occurred (an "Excusable Delay"). If a failure or delay in performance is caused by an event affecting any of Supplier's suppliers, such failure or delay shall not be excusable unless such event is an Excusable Delay as defined above and the good or service to be provided by such supplier is not obtainable by Supplier from other sources in time for

timely delivery of the Goods to Buyer. Buyer may cancel without liability to Supplier its purchase of any Goods affected by Supplier's failure or delay in performance and, if the delay is expected to last for a period that could impact deliveries to Buyer's Customers, Buyer may cancel, without liability, any portion of or the entire Order.

- 44.2. Buyer shall be excused for any failure or delay in performance of any of its obligations that do not consist of a duty to pay, due to any cause beyond its reasonable control, including any cause attributable to Buyer's Customers.
- 44.3. Notwithstanding anything to the contrary in these Terms and Conditions or the Agreement, Buyer shall not be liable to Supplier for any costs or damages whatsoever for a termination for convenience with respect to a particular aircraft program of any of Buyer's Customers, if the termination is due to the cancellation, in whole or in part, of such aircraft program by Buyer's immediate customer(s) or Buyer's ultimate customer(s) or the bankruptcy or insolvency of such customer(s).

45. Subcontracting

Any subcontracting by Supplier of all or substantially all of its responsibilities or obligations hereunder, without Buyer's prior written consent, shall be wholly void, invalid and totally ineffective for all purposes. In the case of any subcontracting or approved delegation of any of its responsibilities or obligations hereunder, Supplier shall perform all supply management activities that are necessary for the on-time delivery of Goods conforming to the requirements set forth herein. Supplier shall be solely and fully responsible for monitoring said suppliers under all provisions of the applicable subcontracts, and for ensuring that each of its suppliers complies with the requirements set forth herein. Supplier shall remain fully liable to Buyer for, and shall be Buyer's sole point of contact for, all aspects of proper performance of the Order, regardless of (i) any subcontracting, (ii) Buyer approval of the subcontractors, or (iii) Supplier's failure to ensure the relevant subcontracts contain provisions that comply in substance with the requirements set forth herein.

The Supplier guarantees to the Buyer that the Supplier shall comply with its own payment obligation toward its subcontractors and suppliers in accordance with relevant contractual terms and conditions and in compliance with applicable laws. The Supplier shall indemnify and hold the Buyer harmless against any claim or action brought by its subcontractors and/or suppliers against the Buyer for any payment claims, direct payment, and action for recovery of property or indemnification in relation therewith.

46. Dispute Resolution

- 46.1. Except as provided below, prior to a Party initiating a formal legal proceeding relating to a dispute under an Order as between Buyers and Supplier, that Party must provide the other with a written request for dispute resolution. Each Party shall, within five (5) calendar days after such written request is received, designate a representative who will be responsible for negotiating, in good faith, a resolution of the dispute. Should the representatives fail to reach agreement within thirty (30) calendar days of receipt of the request, vice presidents of each Party shall attempt to resolve the issue within sixty (60) calendar days of receipt of such written request.

- 46.2. Between Buyers and Supplier, either Party may (i) resort to a formal legal proceeding for equitable relief at any time and (ii) institute litigation in order to avoid the expiration of any applicable limitations period or to preserve a superior position with respect to other creditors.
- 46.3. The dispute resolution procedures set forth herein do not supersede, delay or otherwise affect any rights of termination that are expressly set forth in these Terms and Conditions.
- 46.4. .U.S. Government Provisions for Orders under U.S. Government Contracts

For Orders issued under Prime Contracts with the U.S. Government or subcontracts at any tier under U.S. Government contracts, the provisions of the version of "**U.S. Government Provisions and Clauses for Orders Under U.S. Government Contracts**" in effect on the date of the particular Order shall apply. These provisions are made available on the Internet at the following URL and will be provided to Supplier in hard copy upon written request.

<http://www.utc.com/About+UTC/Suppliers+%26+Partners/Purchase+Terms+and+Conditions>

The Parties recognize that the URL may change from time to time and agree that any such change will not affect the applicability of the material referenced. UTC agrees to provide the new URL upon Supplier's request in the event of a change.

47. Relationship of the Parties

The relationship between Supplier and Buyer will be that of independent contractors and not that of principal and agent, nor that of legal partners. Neither Party will represent itself as the agent or legal partner of the other Party nor perform any action that might result in other persons believing that it has any authority to bind or enter into commitments on behalf of the other.