

## GENERAL TERMS AND CONDITIONS OF PURCHASE

1. **SELLER'S ACCEPTANCE** - Acknowledgement of Purchase Order **Form ES-49**, shipment of any portion of the goods being purchased, or performance of any part of this Purchase Order constitutes acceptance by **SELLER** of all terms and conditions hereof, including all documents incorporated herein by reference, without exception. This document shall constitute the entire agreement between the parties and supersedes all prior agreements relating to the subject matter hereof. **BUYER** will accept no other form of acknowledgement by **SELLER**. **BUYER** hereby specifically objects to and rejects any additional or different terms or conditions set forth in any communication from **SELLER**.
2. **CHANGES** - **BUYER** may by written notice make changes to this Purchase Order, including additions or deletions to the original quantities ordered or in the designs, specifications, or delivery schedule(s). If any such change affects the amount due or the time of performance hereunder, **SELLER** shall notify **BUYER** within five (5) working days and not proceed with the changed work until the **BUYER** confirms in writing that the change is to be implemented. **SELLER** shall then submit a proposal to the **BUYER** within ten (10) days detailing the impact of the change. An equitable adjustment to the Purchase Order regarding price, schedule or both.
3. **EXPEDITING - TIME IS OF THE ESSENCE**. The goods and services purchased hereunder shall be subject to expediting by **BUYER** or its representative. **BUYER'S** personnel shall be allowed reasonable access to **SELLER'S** plant for the purpose of expediting and and/or inspection. If an expediting charge is included in the Purchase Order price, the expediting charge will be paid only if the expedited delivery date, specified in the Purchase Order, is accomplished by the **SELLER**. *If on the face of this Purchase Order a Defense Priority Rating is indicated under a U.S. Government Contract, please refer to 15 Code of Federal Regulations (CFR), Part 700, DEFENSE PRIORITIES AND ALLOCATIONS SYSTEM.*
4. **BUYER'S LIABILITY** – **BUYER'S** liability to **SELLER** is limited to and shall not exceed, for any reason, the value of the Purchase Order. *Under no circumstances shall BUYER be liable for any consequential, incidental, special, indirect, or punitive damages deemed to be of an indirect nature arising out of or related to this Purchase Order.* Releases against Blanket Purchase Orders represent the aggregate of goods or services and/or dollar amount authorized for delivery to date. **BUYER'S** liability regarding Blanket Purchase Orders shall not exceed either of (1) total cumulative quantity the goods released or (2) the total Purchase Order values. Deliveries by **SELLER** that exceed either (1) or (2) above shall be at **SELLER'S** risk and **BUYER** is not obligated to accept such deliveries. Freight and insurance costs associated with the return of such deliveries shall be the **SELLER'S** responsibility.
5. **TITLE AND RISK** - Title and risk of loss to the goods shall pass to the **BUYER** upon delivery to the **BUYER'S** designated delivery destination.
6. **WARRANTY** - **SELLER** represents and guarantees that the goods and services furnished hereunder shall be merchantable and fit for the particular purpose intended. Such goods shall be of the kind and quantity described herein, in strict compliance with the specifications, and free from defects in design, materials and workmanship. If with one (1) year from placing the goods or the product of the services provided hereunder into operation, the goods or products of such services is or becomes defective, **SELLER** shall correct such defect or nonconformity at **SELLER'S** sole expense. The corrective work shall be done diligently and expeditiously and consistent with the **BUYER'S** needs and in a manner concurred in by the **BUYER**. **SELLER** guarantees any adjustment, repair or replacement to the same extent the original goods or services were warranted and for a period of one (1) year after such corrective work. The shipping expense of returning warranty product to **SELLER'S** facility or other designated location shall be for the account of the **SELLER**.
7. **INSPECTION** - **BUYER** shall have the right to inspect and test the goods or services at any time prior to shipment at **SELLER'S** plant or **SELLER'S** subcontractor's plant. **BUYER** will generally provide **SELLER** with forty-eight (48) hours advance notification prior to planned inspection or tests, however, *BUYER may inspect the goods at all reasonable times without prior notice.*
8. **BUYER'S ACCEPTANCE** - Final acceptance of goods or services purchased hereunder is subject to final inspection by **BUYER**, to be made within a reasonable time after arrival at the specified destination. The making of payment for the goods or services shall in no way impair the **BUYER'S** right to reject or revoke its acceptance of nonconforming goods or services or avail itself of any other remedies to which **BUYER** is entitled.
9. **SUBCONTRACTS** - **SELLER** shall not subcontract with any other party without **BUYER'S** prior written permission for the whole or any substantial component of the goods or services ordered hereunder valued at fifty percent (50%) or more of the total order value.
10. **ASSIGNMENT** - **SELLER** shall not assign any of this Purchase Order or its rights, privileges and obligations to any third party without the prior written consent of the **BUYER**.
11. **GOVERNING LAW** - The rights and obligations of the parties hereto shall be governed by the laws of the **State of Maryland, U.S.A.**

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- 12. COMPLIANCE WITH LAWS (Including EXPORT)** - SELLER shall, at all times, observe all Federal, State and local laws or ordinances that in any manner affect the work specified hereunder. This Purchase Order incorporates, by reference, applicable clauses relating to equal opportunity employment, employment of the handicapped, employment of veterans, or utilization of minority owned businesses that are required by governmental laws, orders or regulations. Laws covered within this clause include EXPORT laws and regulations of the United States Department of Commerce, the United States Department of State (including the International Traffic in Arms Regulations (ITAR)). SELLER shall pass down, as applicable, all compliance requirements for all such laws, orders or regulations to their agents, subcontractors and employees. SELLER shall indemnify and hold BUYER harmless, without limitation, for all claims, damages, and expenses arising from or based on the violation of any such laws, orders or regulations by SELLER or its agents, subcontractors or employees.
- 13. WAIVERS** - No provisions hereof may be waived or modified, and no counteroffer hereto shall be deemed accepted, unless made in writing and accepted by a duly authorized representative of the BUYER. A waiver of any default of the SELLER'S obligations under this Purchase Order or failure of the BUYER to insist on strict performance of the SELLER'S obligations of the terms and conditions of this Purchase Order shall not be deemed as a waiver of any subsequent defaults or performance.
- 14. RIGHTS IN DATA** - BUYER does not grant the SELLER any rights to use the designs, drawings or other technical information belonging to or supplied by the BUYER in the manufacture or design of articles for anyone but the BUYER.
- 15. INFRINGEMENT** - SELLER shall at its sole expense, hold harmless and defend BUYER against any claim, suit, or proceeding brought against BUYER which is based upon a claim, whether rightful or otherwise, that the goods or services, or any part thereof, furnished hereunder constitute an infringement of any patent, trademark or copyright. SELLER shall pay all damages and expenses, without limitation, resulting from any such claim. In a case where the goods or services furnished hereunder are held to provide evidence of infringement and the use of the goods or services, in whole or in part, is enjoined, the SELLER, at its own expense, agrees to replace the same with non-infringing goods or services.
- 16. BUYER'S PROPERTY** - SELLER shall, and require all of its subcontractors to, keep all materials, tools, fixtures and equipment in the possession of the SELLER, and in which BUYER has an interest, or its subcontractors, insured against the risk of loss or damage for their actual value. Such insurance shall be maintained, at SELLER'S expense, during the time they remain in SELLER'S possession
- 17. INSURANCE** - SELLER shall procure and maintain insurance in the amounts noted below or in other amounts acceptable and agreed to in writing by BUYER.
- General Liability - \$2,000,000
  - Automobile Liability - \$1,000,000
  - Excess Liability – 2,000,000
  - Workman's Compensation - \$1,000,000
  - Other insurance as may be warranted by the work being performed by the SELLER
- SELLER shall provide BUYER with written proof of insurance upon BUYER'S request.
- 18. ORDER OF PRECEDENCE** - Conflicts, if any, among the provisions hereof, or attached hereto, shall be resolved and prevail in the following order of precedence. (1) Typed provisions on the face of the Purchase Order; (2) Purchase Order attachments; (3) Printed Terms and Conditions; (4) Specifications.
- 19. WORK AT BUYER'S FACILITY** - When SELLER'S employees, agents or subcontractors are on BUYER'S premises, for any reason, the presence of SELLER shall be as an independent contractor. SELLER shall indemnify and hold BUYER harmless against all loss, damage, or expense by reason of injury to person(s) or damage to property (including employees and BUYER property) arising out of the use of or activities on any of BUYER'S premises. BUYER shall screen all individuals performing work at or having access to BUYER'S facility against the Governments Denied Party's List. SELLER shall provide names of individuals to BUYER prior to facility visits. SELLER'S personnel that appear on such list shall not be granted TESI facility access. Work under this purchase order in BUYER'S facility may require that SELLER'S employees be U.S. citizens. **Before assigning foreign nationals to work assignments at BUYER'S facility, SELLER shall acquire written prior approval of BUYER.**
- 20. TERMINATION FOR CONVENIENCE** - At any time, BUYER may, by written notice, terminate this Purchase Order for convenience as to all or any portion of the goods then not shipped or services not performed. SELLER is entitled to an equitable adjustment, as negotiated between the parties, as to any work or materials then in progress, provided that such adjustment shall not include any cost with respect to any goods, which are SELLER'S standard stock.

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- 21. TERMINATION FOR DEFAULT** - At any time, **BUYER** may, by written notice of default, terminate this Purchase Order, in whole or in part, if **SELLER** fails to: a) deliver the goods or perform the services within the time specified in the Purchase Order or any extension thereof; b) make adequate progress to deliver the goods or provide the service within the time specified in the Purchase Order or any extension thereof (unless force majeure conditions exist as specified in Clause 23) or c) perform any of the other provisions or requirements of the Purchase Order. **BUYER** may terminate this Purchase Order for default if **SELLER** fails to cure such deficiency within ten (10) working days after **SELLER'S** receipt of a formal notice served by **BUYER** specifying the deficiency. Upon termination of this Purchase Order for the reason of default, in whole or in part, **BUYER** may acquire, in a manner that the **BUYER** deems appropriate, the goods or services similar to those terminated. In this case, **SELLER** shall be liable for any excess costs incurred by **BUYER** for the re-procurement of such terminated goods or services. However, **SELLER** shall continue the work on the portion of the Purchase Order not terminated. If the Purchase Order is terminated for default, **BUYER** may require **SELLER** to transfer title and deliver to the **BUYER** all completed goods as well as partially completed goods including materials, parts, tools, dies, jigs, fixtures, plans, drawings, other information and contract rights (collectively referred to as "the materials") that the **SELLER** has specifically produced or acquired for the terminated portion of the Purchase Order. The **BUYER** shall pay for the completed goods or services delivered and accepted. The **BUYER** and **SELLER** shall agree on an amount to be paid for the materials delivered and accepted by **BUYER**. **BUYER** may withhold payment in an amount that the **BUYER** deems adequate to protect **BUYER'S** against loss resulting from liens and claims that may arise from lien holders. If, after termination for default, it is determined it is determined that the **SELLER** was not in default, or that the default was excusable, the rights and obligations of the parties will be as though the Purchase Order was terminated for convenience.
- 22. ANTI-KICKBACK** - TESI policy prohibits the payment of money, fee commission, credit, gifts, gratuity, tickets, things of value or any other compensation of any kind which is provided, directly or indirectly, to employees or agents for the purpose of improperly obtaining or rewarding favorable treatment relating to awarding contracts or subcontracts to prime contracts. Any suspected violation(s) of this policy should be reported immediately to the TESI Ethics Officer.
- 23. BUYER'S CONFIDENTIAL INFORMATION** – **BUYER'S** documents and any other information whatsoever provided to **SELLER** is to be considered **BUYER'S** CONFIDENTIAL INFORMATION and shall be referred to as "Information". **SELLER** agrees to retain the Information in confidence and not to disclose it to any third party or use such Information for any other purpose, except as authorized by **BUYER** for the performance of this Purchase Order. **SELLER** shall not publicize the existence or scope of the Purchase Order without the **BUYER'S** prior written consent. **SELLER** shall require these same agreements on the part of sub-supplier to whom the Information is disclosed. **SELLER** shall return to **BUYER** all Information and copies of Information upon **BUYER'S** written request. **Under certain conditions, a separate non-disclosure agreement may be required.**
- 24. FORCE MAJEURE - TIME IS THE ESSENCE** of this Purchase Order. Neither party shall be liable for delays due to causes not reasonably foreseeable which are beyond reasonable control, such acts of God, acts of civil or military authorities, fires, strikes, floods, epidemics, war or riots. In the occasion of any such delay caused by such an event of force majeure, the date of the performance shall be extended for a period of time equal to the time actually lost by reason of such delay, without cost to either party. Whenever **SELLER** has knowledge that any actual or potential force majeure or labor dispute is delaying or threatens to delay the timely performance of this Purchase Order, **SELLER** shall give immediate notice to the **BUYER** thereof.
- 25. LIQUIDATED DAMAGES** - In the event of late shipments by **SELLER**, unless the reason for delays is Force Majeure under Clause 24. above, or results from action of **BUYER**, the parties agree that liquidated damages to be sustained by **SELLER** shall be 1% of Purchase Order price for each day that delivery is delayed beyond the delivery day specified in the Purchase Order.
- 26. If the face of this Purchase Order bears reference to a U. S. Government Contract Number, the following Clauses that are incorporated by reference in ES-111 SUPPLEMENT shall apply and are supplemental to the foregoing and to the extent of any inconsistency with the foregoing, shall rule.**

**SEE ES-111 SUPPLEMENT (JULY 2008) - TERMS AND CONDITIONS APPLICABLE TO PURCHASE ORDERS FOR GOODS OR SERVICES DESTINED FOR USE BY THE UNITED STATES GOVERNMENT.**