



TELEDYNE ENERGY SYSTEMS, INC.

A Teledyne Technologies Company

GENERAL TERMS AND CONDITIONS OF SALE

10/22/2006

1. **TERMS OF SALE - EX-WORKS**, SELLER'S Factory, Hunt Valley, MD USA
2. **PRICES** - Firm-Fixed (USD). Price does not include Federal, State, Local or Excise Taxes. All other taxes, fees, export document preparation, banking charges, duties, etc. are the responsibility of the **BUYER**. **BUYER** must provide tax-exempt certificate, if applicable. Minimum order is \$250.
3. **PAYMENT** - Equipment orders or orders with a value of \$100,000.USD or more require twenty (20) percent down at the time of order and arrangement of acceptable payment guarantees. The Purchase Order effective date or firm delivery date will not be established until receipt of down payment and arrangement of payment. Balance of payment is Net 30 days from date of shipment, payable in USD. **BUYER'S** request for credit is subject to the **BUYER'S** submittal of credit references consisting of one (1) bank reference and three (3) satisfactory credit references. Granting of credit or modification to the payment terms is subject to the **SELLER'S** approval. Irrevocable Letter of Credit, issued, confirmed and payable by a bank located in the United States is an acceptable method of payment; however, all banking charges are the responsibility of the **BUYER**. The **SELLER** reserves the right to require full payment from **BUYER** in advance if acceptable forms of payment are not arranged. Unpaid balances of past due accounts will be assessed a 1.5% per month finance charge. Any payments due to **BUYER** may be offset by any unpaid balance on this order. Visa, MasterCard and American Express credit cards are accepted.
4. **DELIVERY, TITLE, SHIPMENT (Ex-Works)** - **SELLER** delivers the Goods when placed at the disposal of the **BUYER** at the **SELLER'S** plant or at another named place [not cleared for export, and not loaded on any collecting vessel], in accordance with "Incoterms 2000" for shipments. Upon delivery, title of the Goods transfers to **BUYER** and **BUYER** bears all risk of loss and the cost of shipment. **SELLER** shall not be liable for liquidated, consequential, incidental, indirect or punitive damages or penalties for late delivery. **SELLER** shall ship the Goods via the mode directed by the **BUYER**. If the **BUYER** does not specify the mode of shipment, then the **SELLER** shall ship the Goods by the most cost-effective method; however, in either case, the **BUYER** shall bear the cost of shipment. Shortages must be reported in writing to **SELLER** within ten (10) calendar days after receipt; otherwise, shipment is presumed to be complete and in accordance with the bill of lading and packing list.
5. **INSTALLATION OF PRODUCTS** - **BUYER** shall be responsible for receiving, storing, installation, start up, and maintaining all Products unless specified elsewhere in the Purchase Order. A written quotation for services to assist **BUYER** in these functions will be provided, if requested. Any such assistance provided to **BUYER** will be under a separate Purchase Order.
6. **RETURNS** - **BUYER** may not return the Goods for credit, repairs or replacement without the prior written consent of the **SELLER**. All returns **MUST** reference a Return Material Authorization Number (RMA) obtained from **SELLER**. All Goods returned to the **SELLER** will be held as the **BUYER'S** property. **BUYER** shall bear the risk of loss and accept responsibility for shipping costs, taxes, export duty, import duty or other costs related to the return of the Goods to the **SELLER**. In the case of warranty, **SELLER** shall bear the costs of returning the Goods to the **BUYER**.
7. **LIMITED WARRANTY** - The **SELLER** warrants that the Goods shall be free from defects in material and workmanship for the period stated under the specific Product warranty. Generally, spare parts are warranted for a period of ninety (90) days from shipment. Warranty replacement parts are warranted for the balance of the original warranty period or ninety (90) days, whichever is greater. Products or their parts that are not installed, operated, and maintained in accordance with the Products Operation and Maintenance Manual supplied with the Product are excluded from warranty protection. **SELLER** makes no guarantee, expressed or implied, of merchantability, fitness or suitability for the particular ultimate use or purpose of the Goods. **SELLER'S** liability under warranty is limited to adjustment, repair or replacement of the Goods in order to correct defects in materials and workmanship. **SELLER** shall not be liable for liquidated, consequential, incidental, indirect or punitive damages or penalties related to warranty claims.
8. **SELLER'S PERFORMANCE** - **SELLER** will use its "best efforts" to comply with all commercial terms and conditions, special conditions, technical specifications and delivery requirements as specified in **BUYER'S** Purchase Order. Special performance guarantees as may be required by the **BUYER**, such as bank generated Performance Bond/Guarantee, shall be initiated by **SELLER** at **BUYER'S** expense. Any **BUYER** required Performance Bond/Guarantee shall not exceed ten (10) percent of the Order value and must contain a provision for "Cure Notification". **SELLER'S** liability under this clause shall not exceed the value of the Performance Bond/Guarantee and **SELLER** shall not be liable for liquidated, consequential, incidental, indirect or punitive damages or penalties.
9. **CHANGES** - Purchase Order changes requested by the **BUYER** shall be in writing. **SELLER** is entitled to an equitable adjustment in the Purchase Order value, delivery date and/or other terms and conditions related to the requested change. **SELLER** shall not issue changes until **BUYER** and **SELLER** have executed a purchase order supplemental agreement covering the change.
10. **PRODUCT CHANGES** - **SELLER** reserves the right to a) make changes in design, specifications, processes of manufacture and construction of its Products, provided that such changes do not materially alter Product performance,

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form, or fit; and b) effect changes described in a) above, without incurring any obligation to install such changes in Products previously delivered.

11. **RESTRICTIONS ON EXPORT** - Products delivered under this Purchase Order are subject to the Export Administration Regulations of the United States Department of Commerce, the International Traffic in Arms Regulations (ITAR) of the United States Department of State, or any other applicable export laws or regulations of the United States. Where delivery to **BUYER** is specified to be outside the United States, **SELLER** has taken action necessary to comply with applicable export controls. Where delivery will be made to **BUYER** within the United States for later export, **BUYER** shall be the exporter of record and warrants that **BUYER** will take all necessary actions to comply with applicable United States export laws and regulations and obtain any and all license(s) required. **BUYER** agrees to provide **SELLER** at its request with written evidence of such license(s).
12. **INTELLECTUAL PROPERTY RIGHTS** - Delivery of any Products under this Purchase Order shall not constitute or be construed by **BUYER** as a grant of any expressed or implied license or any other right to use, for any purpose, **SELLER'S** Patents, Trademarks, Copyrights or other intellectual property. **BUYER** shall not, with respect to any design or intellectual property delivered, directly or indirectly, under this Purchase Order, apply or submit to the U.S. Patent and Trademark Office or any other national or international patent or trademark office, for any property right protection for intellectual property supplied by **SELLER**.
13. **PRODUCT DESIGN** - In addition to the restrictions set forth in Paragraph 10. herein, the **BUYER** shall not perform or allow others to perform decompilation, disassembly, or reverse engineering of any Product, hardware or software, delivered under this Purchase Order. The design, manufacture, assembly, know-how, trade secrets or any other intellectual property associated with the Product, hardware or software, shall remain the sole property of the **SELLER**.
14. **ASSIGNMENT** - **BUYER** shall not assign its respective liabilities, rights or duties under this Purchase Order to a third party without the prior written consent of the **SELLER**.
15. **APPLICABLE LAW** - The Purchase Order and all transactions between the **BUYER** and the **SELLER** shall be interpreted in accordance with and governed by the laws of the State of Maryland, U.S.A., excluding its choice of law provisions.
16. **EXCEPTIONS / VARIATION** - **BUYER'S** exceptions or variations, if any, to these Terms and Conditions of Sale are subject to and are not legally binding without the written approval of the **SELLER**.
17. **DISPUTES RESOLUTION** - (1) **Provisions applicable when BUYER is a permanent resident of the United States, or is a corporation or partnership existing under the laws of the United States** - The **BUYER** and **SELLER** shall attempt amicably to resolve any controversy, dispute or difference arising out of this Purchase Order. Failing an attempt to resolve such issues, either party may initiate litigation. Litigation arising from such issues may be brought in the United States District Court of the State of Maryland, USA. (2) **Provisions applicable when BUYER is a permanent resident of a country other than the United States, or a corporation or partnership existing under the laws of a country other than the United States** - The **BUYER** and **SELLER** shall attempt amicably to resolve any controversy, dispute or difference arising out of this Purchase Order. Failing an attempt to resolve such issues, either party may initiate arbitration under the rules of the International Chamber of Commerce (ICC). The expense of such arbitration shall be borne equally by the **BUYER** and **SELLER**, but each of the parties shall pay its own attorneys' fees. Any resulting award shall be binding on both **BUYER** and **SELLER** and both Parties hereby waive any right of appeal to a Higher Court for amendment or modification of the Arbitrators award, **BUT UNDER NO CIRCUMSTANCES WILL ARBITRATOR(S) BE AUTHORIZED TO NOR SHALL THEY AWARD PUNITIVE OR CONSEQUENTIAL, INCIDENTAL, OR MULTIPLE DAMAGES AGAINST EITHER PARTY**. The language of the arbitrators shall be English.
18. **FORCE MAJEURE** - Any delays experienced as a result of strike, fire, storms, riots, acts of war, acts of God, and acts of public enemies or other unforeseen cause beyond the control and without fault or negligence of **SELLER** shall excuse **SELLER** from late Purchase Order delivery. **SELLER** shall notify **BUYER** in writing within ten (10) days regarding any such delays.
19. **CANCELLATION** - If **BUYER** cancels all or any portion of this Purchase Order for any reason, other than for reasons due to **SELLER'S uncorrected** default, **BUYER** agrees to reimburse **SELLER** for actual labor, materials and other costs incurred for the design, manufacture or testing of the equipment or service, up to the time of termination, including associated indirect costs plus a reasonable profit. In any case, a minimum of 20 percent of the order value will be assessed for cancelled orders. **SELLER** shall, at **BUYER'S** expense, deliver all finished or in-process Product, raw materials, parts, etc. paid for by **BUYER**, to a location specified by the **BUYER**.
20. **INSPECTION / PLANT ACCESS** - **BUYER** shall be allowed reasonable access at reasonable times to areas of the **SELLER'S** plant involved with the manufacture of the Products being purchased for the purpose of Product inspection and acceptance tests if required by and specified in the Purchase Order, subject to applicable export restrictions. **BUYER'S** Representatives must pass **SELLER'S** visitor screening process in order to be allowed access to **SELLER'S** facility. Such access will not be unreasonably withheld. **BUYER'S** Representative will be subject to **SELLER'S** Security



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Regulations during access to **SELLER'S** facility. Cameras, computers, recording devices, cell telephones, and cell phones w/ cameras are not allowed in the facility.

21. **SEVERABILITY** – Any provisions hereof prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof.
22. **NOTICES** – Any written Notice provided for herein to be given to **SELLER** by **BUYER** shall be mailed or delivered to **SELLER'S** address stated in the Sales Quotation or to an address and/or person subsequently designated in writing by **SELLER**. Likewise any notice to be given to **BUYER** shall be mailed to or delivered to **BUYER** at address stated in the Sales Order or to an address and/or person subsequently designated in writing by **BUYER**.
23. **SELLER'S QUOTATION** – Any price quotation submitted by **SELLER** for consideration by **BUYER** is, in part, contingent on **BUYER'S** full acceptance of these terms and conditions. **BUYER'S** requested changes to these terms and conditions, if accepted in writing by **SELLER**, may affect the original price quoted.
24. **BUYER-SUPPLIED DOCUMENTATION AND DATA** - To the extent that **SELLER** has relied upon any specifications, information, representation of operating conditions or other data supplied in writing by the **BUYER** to **SELLER** in the selection or design of the Product or provision of the Services and the preparation of **SELLER'S** quotation, and in the event that the actual operating conditions or other conditions differ from those represented by the **BUYER** and relied on by the **SELLER**, any warranties or other provisions contained herein which are affected by such conditions shall be null and void, unless otherwise mutually agreed upon in writing. **BUYER** will hold harmless and indemnify **SELLER** against all claims, judgments, costs and fees, including attorney fees, relating to infringement of patents, designs, copyrights, trademarks or other intellectual property with respect to any products manufactured in whole or in part to **BUYER'S** designs.
25. **LIMITATION OF LIABILITY** - Notwithstanding any other provisions of any resulting order, under no circumstances shall either party be liable for any consequential, special, incidental, indirect, multiple, or punitive damages, or any damage deemed to be of an indirect or consequential nature arising out of or related to its performance under this contract, whether based upon breach of the contract, warranty, or negligence and whether grounded in tort, contract, civil law, or other theories of liability including strict liability, even if advised in advance of the possibility of such damages. TESI's total liability, including but not limited to liability for indemnity, defense, and hold harmless obligations shall not exceed the amount paid to TESI under this order, and **BUYER** agrees to indemnify TESI for any amounts in excess thereof.
26. **ENTIRE AGREEMENT** - The above stated Terms and Conditions of Sale, unless expressly modified in writing and executed by an authorized Representative of **SELLER**, are intended to reflect the final expression of the Agreement between the parties. **BUYER** may utilize its own form to describe the entire goods being purchased; however, all terms and conditions stated on **BUYER'S** form which in any way modify, conflict with, or contradict with the Terms and Conditions of Sale stated above shall be considered invalid and non-enforceable.

Signature of SELLER'S Representative _____ Quotation Reference: _____ Date _____

