



TELEDYNE ENERGY SYSTEMS, INC. TERMS AND CONDITIONS OF SALE

1. **TERMS OF SALE** - EX-WORKS, **SELLER'S** Factory, Hunt Valley, MD U.S.A.
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 **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 international 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 or consequential 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. **SELLER** shall in no way be liable for consequential or liquidated damages. 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. **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 costs 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**.
6. **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. 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.
7. **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 supplemental agreement covering the change.
8. **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, form, or fit; and b) effect changes described in a) above, without incurring any obligation to install such changes in Products previously delivered.
9. **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 of the United States Department of State, or any other applicable 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,

BUYER warrants that Buyer will take all necessary actions to comply with applicable 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)

without fault or negligence of SELLER shall excuse SELLER from late Purchase Order delivery.

10. **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, SELLERS 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.

11. **PRODUCT DESIGN** - In addition to the restrictions set forth in Paragraph 11. above, 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 secret or any other intellectual property associated with the Product, hardware or software, remain the sole property of the SELLER.

12. **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.

13. **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.

14. **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.

15. **DISPUTES RESOLUTION** - *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, U.S.A. *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.

16. **FORCE MAJEURE** - Any delays experienced as a result of strike, fire, storms, riots, acts of war, acts of God, acts of public enemies or other unforeseen cause beyond the control and

17. **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.

18. **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 Regulations during access to SELLER'S facility. Cameras, recording devices and cellular telephones are not allowed in the facility.

19. **SEVERABILITY** - An provisions hereof prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof.

20. **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.

21. **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, nor 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.

22. **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 _____