

TELOS GLOBAL LLC

TERMS AND CONDITIONS OF SALE OF GOODS AND SERVICES 05/17

1. Applicability. These terms and conditions of sale (these “Terms”) are the only terms which govern the sale of the goods (“Goods”) and services (“Services”) by TELOS Global LLC (“Seller”) to the buyer named in the quote or proposal accompanying these Terms (“Buyer”). Notwithstanding anything herein to the contrary, if a written contract signed by both parties is in existence covering the sale of the Goods and Services covered hereby, the terms and conditions of said contract shall prevail to the extent they are inconsistent with these Terms. The accompanying quote or proposal and these Terms (collectively, this “Contract”) comprise the entire agreement between the parties, and supersede all prior or contemporaneous understandings, agreements, negotiations, representations and warranties, and communications, both written and oral. These Terms prevail over any of Buyer’s general terms and conditions of purchase regardless whether or when Buyer has submitted its purchase order or such terms or whether or when Seller has accepted such order. Fulfillment of Buyer’s purchase order does not constitute acceptance of any of Buyer’s terms and conditions and does not serve to modify or amend these Terms.

2. Payment Terms. Buyer shall pay all invoiced amounts due to Seller within thirty (30) days from the date of Seller’s invoice. Buyer shall make all payments hereunder by check or electronic funds transfer and in US dollars. Buyer shall not withhold payment of any amounts due and payable by reason of any set-off of any claim or dispute with Seller. Buyer shall pay interest on all late payments at the lesser of the rate of one and a half percent (1.5%) per month or the highest rate permissible under applicable law, calculated daily and compounded monthly. Buyer shall reimburse Seller for all costs incurred in collecting any late payments, including, without limitation, attorneys’ fees. In addition to all other remedies available under these Terms or at law (which Seller does not waive by the exercise of any rights hereunder), Seller shall be entitled to suspend the delivery of any Goods or performance of any Services if Buyer fails to pay any amounts when due hereunder and such failure continues for fifteen (15) days following written notice thereof. In the event that Seller is required to furnish any bond or bonds on account of the execution or fulfillment of this Contract, the cost thereof shall be added to the quoted price.

3. Taxes. All Prices are exclusive of all sales, use, and excise taxes, and any other similar taxes, duties, and charges of any kind imposed by any governmental authority on any amounts payable by Buyer. Buyer shall be responsible for all such charges, costs and taxes; provided, that Buyer shall not be responsible for any taxes imposed on, or with respect to, Seller’s income, revenues, gross receipts, personal or real property, or other assets.

4. Changes. Buyer is responsible for all costs associated with Buyer-initiated specification changes, including but not limited to, material and documentation costs. Buyer may, at any time prior to the delivery date of any Goods or Services, request changes, by a written change order to Seller. All changes must be agreed to in writing by Seller prior to such changes becoming binding upon Seller. If any changes cause an increase or decrease in the cost of, or work/delivery schedule under this Contract, an equitable adjustment in the price or schedule, or both, shall be negotiated under due consideration of the utilization of Seller’s production facility and such order modified accordingly.

5. Delivery of Goods and Services.

(a) Except as otherwise set forth in the purchase order, all Goods are sold EXW Seller’s facility (Incoterms 2010). All shipping dates are approximate, conditioned on prompt receipt by Seller of all necessary information and are subject to change by reason of factory conditions or other causes beyond Seller’s reasonable control.

(b) With respect to the Services, Buyer shall (i) cooperate with Seller in all matters relating to the Services and provide such access to Buyer’s premises, and such office accommodation and other facilities as may reasonably be requested by Seller, for the purposes of performing the Services; (ii) respond promptly to any Seller request to provide direction, information, approvals, authorizations, or decisions that are reasonably necessary for Seller to perform Services in accordance with the requirements of this Contract; (iii) provide such customer materials or information as Seller may reasonably request to carry out the Services in a timely manner and ensure that such customer materials or information are complete and accurate in all material respects; and (iv) obtain and maintain all necessary licenses and consents and comply with all applicable laws in relation to the Services before the date on which the Services are to start.

(c) If Seller’s performance of its obligations under this Contract is prevented or delayed by any act or omission of Buyer or its agents, subcontractors, consultants, or employees, Seller shall not be deemed in breach of its obligations under this Contract or otherwise liable for any costs, charges, or losses sustained or incurred by Buyer, in each case, to the extent arising directly or indirectly from such prevention or delay.

6. Inspection and Rejection of Nonconforming Goods.

(a) Buyer shall inspect the Goods within fourteen (14) days of receipt (“Inspection Period”). Buyer will be deemed to have accepted the Goods unless it notifies Seller in writing of any Nonconforming Goods during the Inspection Period and furnishes such written evidence or other documentation as reasonably required by Seller. “Nonconforming Goods” means only the following: (i) product shipped is different than identified in Buyer’s purchase order; or (ii) product’s label or packaging incorrectly identifies its contents.

(b) If Buyer timely notifies Seller of any Nonconforming Goods, Seller shall, in its sole discretion, (i) replace such Nonconforming Goods with conforming Goods, or (ii) credit or refund the Price for such Nonconforming Goods, together with any reasonable shipping and handling expenses incurred by Buyer in connection therewith. Buyer shall ship, at its expense and risk of loss, the Nonconforming Goods to Seller’s facility located in Caryville, TN. If Seller exercises its option to replace Nonconforming Goods, Seller shall, after receiving Buyer’s shipment of Nonconforming Goods, deliver to Buyer, at Buyer’s expense and risk of loss, the replaced Goods.

(c) Buyer acknowledges and agrees that the remedies set forth in Section 6(b) are Buyer’s exclusive remedies for the delivery of Nonconforming Goods. Except as provided under Section 6(b), all sales of Goods to Buyer are made on a one-way basis and Buyer has no right to return Goods purchased under this Contract to Seller.

7. Intellectual Property. Seller does not transfer ownership of any patent, trade secret, trademark, service mark, copyright, mask work, design drawings or other intellectual property right, registered or unregistered, to Buyer in information, documents, or property that Seller makes available to Buyer under this Contract. Seller retains ownership of any and all modifications thereto and derivatives thereof conceived or developed during the performance of this Contract. To the extent, if at all, the Goods contain any software, processes, routines,

proprietary information or other intellectual property belonging to Seller, Seller grants to Buyer a limited, non-exclusive, royalty-free license to use such intellectual property internally in conjunction with its use of the Goods and for no other purpose.

8. Confidential Information; Use of Specifications and Drawings. Trade secrets, specifications, drawings, notes, instructions, engineering data and analyses, compositions of matter, financial data, and other technical and business data which are owned, supplied or disclosed by Seller or Seller's agents, representatives or sub-contractors or sub-suppliers in connection with this Contract, in each case that are marked or otherwise identified (orally or in writing) as confidential or where their confidential nature is apparent at the time of disclosure ("Confidential Information"), will be deemed confidential and proprietary to, and remain the sole property of Seller or Seller's agents, representatives or sub-contractor, or sub-supplier, as the case may be. Buyer may not disclose Confidential Information or use Confidential Information for any purpose other than as contemplated under this Contract. Upon request by Seller, Buyer will promptly return or destroy the original and all copies of Confidential Information received. Buyer shall not use the Confidential Information in whole or in part, including without limitation drawings prepared by Seller, to procure goods from any third party or affiliate.

9. Title; Risk of Loss. Title and risk of loss passes to Buyer upon delivery of the Goods at the Delivery Point. As collateral security for the payment of the purchase price of the Goods, Buyer hereby grants to Seller a lien on and security interest in and to all of the right, title and interest of Buyer in, to and under the Goods, wherever located, and whether now existing or hereafter arising or acquired from time to time, and in all accessions thereto and replacements or modifications thereof, as well as all proceeds (including insurance proceeds) of the foregoing. The security interest granted under this provision constitutes a purchase money security interest.

10. Limited Warranty.

(a) Seller warrants to Buyer that the Goods sold under this Contract and paid for by Buyer shall conform to Seller's specifications set forth in the Contract and be free from material defects in material and workmanship under normal use and maintenance for a period of twelve (12) months from the date of shipment of the Goods. This warranty does not cover consumables and excludes defects to the extent caused by normal wear and tear, abuse or misuse, or by operation outside of the prescribed performance specifications. Seller makes no warranty whatsoever with respect to accessories or components not supplied by Seller or the inclusion of the Goods supplied by Seller into Buyer's manufacturing process.

(b) Seller warrants to Buyer that it shall perform the Services using personnel of required skill, experience, and qualifications and in a professional and workmanlike manner in accordance with generally recognized industry standards for similar services and shall devote adequate resources to meet its obligations under this Contract.

(c) EXCEPT FOR THE WARRANTIES SET FORTH IN SECTIONS 10(A), (B) and (H), SELLER MAKES NO WARRANTY WHATSOEVER WITH RESPECT TO THE GOODS OR SERVICES, INCLUDING ANY (a) WARRANTY OF MERCHANTABILITY; (b) WARRANTY OF TITLE; OR (c) WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, WHETHER EXPRESS OR IMPLIED BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE OR OTHERWISE, AND INCLUDING FURTHER, ANY WARRANTIES OR CONTRACTUAL LANGUAGE SET FORTH IN BUYER'S PURCHASE ORDER, REQUISITION OR OTHER SIMILAR DOCUMENTATION UNLESS SUCH LANGUAGE

SPECIFICALLY REFERENCES THIS PROVISION AND IS ACKNOWLEDGED BY BOTH PARTIES IN WRITING.

(d) The Seller shall not be liable for a breach of the warranties set forth in Section 10(a) or Section 10(b) unless: (i) Buyer gives written notice of the defective Goods or Services, as the case may be, reasonably described, to Seller within fourteen (14) days of the time when Buyer discovers or ought to have discovered the defect; (ii) if applicable, Seller is given a reasonable opportunity after receiving the notice of breach of the warranty set forth in Section 10(a) to examine such Goods and Buyer (if requested to do so by Seller) returns such Goods to Seller's place of business at Seller's cost for the examination to take place there; and (iii) Seller reasonably verifies Buyer's claim that the Goods or Services are defective.

(e) The Seller shall not be liable for a breach of the warranty set forth in Section 10(a) or Section 10(b) if: (i) Buyer makes any further use of such Goods after giving such notice; (ii) the defect arises because Buyer failed to follow Seller's oral or written instructions as to the storage, installation, commissioning, use or maintenance of the Goods; or (iii) Buyer alters or repairs such Goods without the prior written consent of Seller.

(f) With respect to any Goods subject to a claim under the warranty set forth in Section 10(a), Seller shall, in its sole discretion, either: (i) repair or replace such Goods (or the defective part) or (ii) credit or refund the price of such Goods at the pro rata contract rate provided that, if Seller so requests, Buyer shall, at Seller's expense, return such Goods to Seller. With respect to any Services subject to a claim under the warranty set forth in Section 10(b), Seller shall, in its sole discretion, either: (i) repair or re-perform the applicable Services or (ii) credit or refund the price of such Services at the pro rata contract rate. If Seller determines, in its reasonable discretion, that it is unable to remedy a defect or nonconformity covered by the warranties set forth in Section 10(a) or Section 10(b) above, and such defect or non-conformity substantially affects the scope of work to be performed by Seller hereunder, then Buyer shall be entitled to compensation for the reduced value of the Goods or Services as a result of such defect or non-conformity. The remedies set forth in this Section 10(f) are subject to Section 10(d) and Section 10(e) above.

(g) Seller also warrants to Buyer that the Goods sold under this Contract and paid for by Buyer shall not infringe any intellectual property rights of a third party. Buyer's sole remedy for breach of this intellectual property warranty shall be for Seller to either (a) provide an alternative technical solution or replace the infringing Good (or affected part) with modified or substituted Good (or part) that does not violate such third party intellectual property and that is qualitatively and functionally at least the equivalent of the affected Good (or part thereof), or (b) obtain a license under the intellectual property that allows Buyer to use and maintain the Good.

(h) THE REMEDIES SET FORTH IN SECTION 10(F) AND SECTION 10(G) SHALL BE THE BUYER'S SOLE AND EXCLUSIVE REMEDY AND SELLER'S ENTIRE LIABILITY FOR ANY BREACH OF THE LIMITED WARRANTIES SET FORTH IN SECTIONS 10(A), (B) AND (G), RESPECTIVELY.

11. Limitation of Liability.

(a) IN NO EVENT SHALL SELLER BE LIABLE TO BUYER OR ANY THIRD PARTY FOR ANY LOSS OF USE, REVENUE OR PROFIT OR LOSS OF DATA OR DIMINUTION IN VALUE, OR FOR ANY CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, OR PUNITIVE DAMAGES WHETHER ARISING OUT OF BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, REGARDLESS OF WHETHER SUCH DAMAGES

WERE FORESEEABLE AND WHETHER OR NOT SELLER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE.

(b) IN NO EVENT SHALL SELLER'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS CONTRACT, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, EXCEED THE TOTAL OF THE AMOUNTS PAID TO SELLER FOR THE GOODS AND SERVICES SOLD HEREUNDER OR \$100,000, WHICHEVER IS LESS.

12. Compliance with Law. Buyer shall comply with all applicable laws, regulations and ordinances. Buyer shall maintain in effect all the licenses, permissions, authorizations, consents, and permits that it needs to carry out its obligations under this Contract. Buyer shall comply with all export and import laws of all countries involved in the sale of the Goods under this Contract or any resale of the Goods by Buyer. Buyer assumes all responsibility for shipments of Goods requiring any government import clearance. Seller may terminate this Contract if any governmental authority imposes antidumping or countervailing duties or any other penalties on Goods.

13. Termination. In addition to any remedies that may be provided under these Terms, Seller may terminate this Contract with immediate effect upon written notice to Buyer, if Buyer: (a) fails to pay any amount when due under this Contract and such failure continues for fifteen (15) days after Buyer's receipt of written notice of nonpayment; (b) has not otherwise performed or complied with any of these Terms, in whole or in part; or (c) becomes insolvent, files a petition for bankruptcy or commences or has commenced against it proceedings relating to bankruptcy, receivership, reorganization, or assignment for the benefit of creditors.

14. Miscellaneous.

(a) **Waiver.** No waiver by Seller of any of the provisions of this Contract is effective unless explicitly set forth in writing and signed by Seller. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Contract operates, or may be construed, as a waiver thereof. No single or partial exercise of any right, remedy, power or privilege hereunder precludes any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

(b) **Assignment.** Buyer shall not assign any of its rights or delegate any of its obligations under this Contract without the prior written consent of Seller. Any purported assignment or delegation in violation of this Section is null and void. No assignment or delegation relieves Buyer of any of its obligations under this Contract.

(c) **Relationship of Parties.** Seller and Buyer are independent contracting parties and nothing in this Contract shall make either party the agent or legal representative of the other for any purpose whatsoever, nor does it grant either party any authority to assume or to create any obligation on behalf of or in the name of the other.

(d) **No Third-Party Beneficiaries.** This Contract is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of these Terms.

(e) **Governing Law.** This Contract, including all exhibits, schedules, attachments and appendices attached hereto, and all matters

arising out of or relating to this Contract, are governed by, and construed in accordance with, the laws of the State of Tennessee, USA, without regard to the conflict of laws provisions. The United Nations Convention on Contracts for the International Sale of Goods does not apply and is expressly disclaimed of application.

(f) **Dispute Resolution.** Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Claims shall be heard by a single arbitrator. The place of arbitration shall be Nashville, Tennessee. The arbitration shall be governed by the laws of the State of Tennessee. Each party will, upon written request of the other party, promptly provide the other with copies of all relevant documents. There shall be no other discovery allowed. Except as may be required by law, neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both parties.

(g) **Force Majeure.** Seller shall not be liable or responsible to Buyer, nor be deemed to have defaulted or breached this Contract, for any failure or delay in fulfilling or performing any term of this Contract when and to the extent such failure or delay is caused by or results from acts or circumstances beyond the reasonable control of Seller including, without limitation, acts of God, flood, fire, earthquake, explosion, governmental actions, war, invasion or hostilities (whether war is declared or not), terrorist threats or acts, riot, or other civil unrest, national emergency, revolution, insurrection, epidemic, lockouts, strikes or other labor disputes (whether or not relating to either party's workforce), or restraints or delays affecting carriers or inability or delay in obtaining supplies of adequate or suitable materials, materials or telecommunication breakdown or power outage, provided that, if the event in question continues for a continuous period in excess of one hundred fifty (150) days and after another period of forty-five (45) days the parties have failed to achieve an agreement on an adjustment of the Contract, Buyer shall be entitled to give notice in writing to Seller to terminate this Contract.

(h) **Severability.** If any term of this Contract is invalid or unenforceable under any statute, regulation, ordinance, executive order or other rule of law, such term shall be deemed reformed or deleted, but only to the extent necessary to comply with such statute, regulation, ordinance, order or rule and the remaining provisions of this Contract shall remain in full force and effect.

(i) **Survival.** Provisions of these Terms which by their nature should apply beyond their terms will remain in force after any termination or expiration of this Contract including, but not limited to, the following provisions: Section 7 (Intellectual Property), Section 8 (Confidential Information; Use of Specifications and Drawings), Section 10 (Limited Warranty), Section 11 (Limitation of Liability), Section 12 (Compliance with Law), and Section 14 (Miscellaneous).

(j) **Entire Contract; Amendment and Modification.** The Contract, including these Terms, constitutes the entire agreement between Seller and Buyer with respect to the matter contained herein and supersedes all prior oral or written representations and agreements. The rights and remedies set out in the Contract for breach of any obligation, any guarantee, warranty or other duty of Seller under the Contract or in connection therewith are exclusive of any other remedies otherwise imposed or available by law or in equity. These Terms may only be amended or modified in a writing which specifically states that it amends these Terms and is signed by an authorized representative of each party.