

TELOS GLOBAL LLC

Purchasing Terms and Conditions 05/16

A. Acceptance: Each purchase order Buyer issues ("Purchase Order") is Buyer's offer to purchase the products ("Products") and services ("Services") identified in that Purchase Order. Seller will be deemed to have accepted a Purchase Order as issued (1) if Seller fails to object to it in writing within five (5) days after receipt and has begun or later begins performance under the Purchase Order, or (2) if Seller acknowledges in writing its acceptance of the Purchase Order. Upon acceptance, the Purchase Order together with these Terms and Conditions and any other documents specifically incorporated in the Purchase Order or separately agreed to in writing, such as specifications, drawings, requirements of Buyer's customer, or quality requirements, will become a binding contract between Buyer and Seller (collectively, the "Contract"). Seller has read and understands this Contract. All terms and conditions proposed by Seller which are different from or in addition to the Contract are unacceptable to Buyer, are expressly rejected by Buyer, and shall not become a part of the Contract.

B. Prices: The pricing terms are set forth in the Contract.

C. Delivery Schedules/Non-Conforming Goods/Remedies. Deliveries shall be made in such quantities, at such times and otherwise as specified in Buyer's schedules. If Products are not ready for delivery in time to meet Buyer's delivery schedules, the Seller will be responsible for all damages including additional costs of any resulting expedited or other special transportation. Unless otherwise stated in the Contract, Products will be delivered fob site and title will transfer upon receipt of the Products by the freight carrier. Buyer shall not be required to make payment for Products delivered to Buyer which are in excess of quantities specified in Buyer's delivery schedules. Buyer may change rate of scheduled shipments or direct temporary suspension of scheduled shipments, neither of which shall entitle Seller to a modification of the price for Products or Services covered by this order. For orders of Products where quantities and/or delivery schedules are not specified, Seller shall deliver Products in such quantities and times as Buyer may direct in subsequent releases. The rights and remedies reserved to Buyer in this order shall be cumulative, and additional to all other or further remedies provided in law or equity. If Seller fails to meet Buyer's delivery schedule, Buyer may require a more expeditious method of transportation for the Products than the transportation method originally specified by Buyer. In such event, Seller shall, at Buyer's option, (i) promptly reimburse Buyer the difference in cost between the more expeditious method and the original method; (ii) allow Buyer to reduce its payment of Seller's invoices by such difference; or (iii) ship the goods as expeditiously as possible at Seller's expense and invoice Buyer for the amount which Buyer would have paid for normal shipment.

D. Force Majeure: Any delay or failure of either party to perform its obligations hereunder shall be excused if, and to the extent that it is caused by an event or occurrence beyond the reasonable control of the party and without its fault or negligence, such as, by way of example and not by way of limitation, acts of God, action by any governmental authority (whether valid or invalid), fires, floods, windstorms, explosions, riots, natural disasters, wars, sabotage, labor problems (including lockouts, strikes and slowdowns) - provided that (a) written notice of such delay (including the anticipated duration of the delay) shall be

given by the affected party to the other party within ten (10) days, and (b) during the period of such delay or failure to perform by Seller, Buyer, at its option, may purchase Products from other sources and reduce its schedules to Seller by such quantities, at the Seller's cost, or have Seller provide the Products from other sources in quantities and at times requested by Buyer and at the price set forth in the Purchase Order. If requested by the Buyer, Seller shall, within one (1) day of such request provide adequate assurances that the delay shall not exceed ten (10) days. If the delay lasts more than ten (10) days or Seller does not provide adequate assurance that the delay will cease within ten (10) days, Buyer may immediately cancel the order without liability to Buyer. All costs incurred by Buyer to purchase Products or Services from other sources in the event of a force majeure are to be paid by Seller.

E. Invoicing: All invoices of Seller must be (1) delivered to Buyer in duplicate and (2) delivered to Buyer's Accounts Payable Department in original and copy. Any freight charges are to be listed separately. Invoices, shipping notices, packing slips and packages must show purchase order number, Buyer's part number and specific quantities. Invoices must cover only one purchase order and must cover all items on purchase order. No payment will be made without proper invoicing and a valid purchase order number.

F. Defects: Buyer has the right to reject delivery of any Products not conforming to the terms of the Contract. If Buyer rejects Products as nonconforming, the quantities under this order will automatically be reduced unless Buyer otherwise notifies Seller in writing. Seller will not replace quantities so reduced without a new order or schedule from Buyer. Nonconforming Products will be held by Buyer for disposition in accordance with Seller's instructions at Seller's risk and expense. Seller's failure to provide written instructions within ten (10) days, or such shorter period as may be commercially reasonable under the circumstances, after notice of nonconformity shall entitle Buyer, at Buyer's option, to charge Seller for storage and handling, or to dispose of the Products, without liability. Payment for nonconforming Products shall not constitute an acceptance thereof, and shall not limit or impair Buyer's right to assert any legal or equitable remedy, or relieve Seller of any responsibility or liability for defects.

G. Inspection. Buyer is not required to inspect Products delivered or Services performed, and no inspection or failure to inspect will reduce or alter Seller's obligations under the Contract. Seller agrees that Buyer shall have the right to enter Seller's facility at reasonable times to inspect the facility, Products, materials and any property of Buyer covered by this order. Buyer's inspection of the Products, whether during manufacture, prior to delivery or within a reasonable time after delivery, shall not constitute acceptance of any work-in-process or finished Products.

H. Warranty: In addition to all implied warranties, Seller expressly warrants that all Products or Services covered by this order will conform to the specifications, drawings, samples, or descriptions furnished to or by Buyer, and will be merchantable of good material and workmanship and free from defect. In addition, Seller acknowledges that Seller knows of Buyer's intended use and expressly warrants that all Products covered by this order which have been selected, designed, manufactured, or assembled by Seller, based upon Buyer's stated use, will be fit and sufficient for the particular purposes intended by Buyer. Seller shall indemnify and hold Buyer harmless from and against any liability, claims, demands or expenses (including reasonable attorney fees) arising out of or in connection with the manufacture, sale, use or delivery of the Products and Services provided by Seller.

I. **Taxes; Duties:** The Contract price includes all applicable federal, state, provincial, and local taxes including sales, value added, or similar turnover taxes or charges. Seller shall indemnify and hold Buyer harmless from and against all liability for such taxes. Transferable credits or benefits associated with Products purchased, including trade credits, export credits, or rights to the refund of duties, taxes, or fees, belong to Buyer unless otherwise prohibited by applicable law. Seller will provide Buyer with all information and records relating to the Products necessary for Buyer to (1) receive these benefits, credits, and rights, (2) fulfill any customs obligations, origin marking or labeling requirements, and certification or local content reporting requirements, (3) claim preferential duty treatment under applicable trade preference regimes, and (4) participate in any duty deferral or free trade zone programs of the country of import. Seller will obtain all export licenses and authorizations and pay all export taxes, duties, and fees unless otherwise stated in the Contract, in which case Seller will provide all information and records necessary to enable Buyer to obtain those export licenses or authorizations.

J. **Packaging:** Buyer may specify the method of transportation and the type and number of packing slips and other documents to be provided with each shipment. Seller will pack and ship Products in accordance with Buyer's instructions, including labeling and hazardous materials instructions. If Buyer has not provided packing or shipping instructions, Seller will pack and ship Products in accordance with sound commercial practices.

K. **Changes:** Buyer reserves the right at any time to direct changes, or cause Seller to make changes, to drawings, specifications, materials, packaging, testing, quantity, time or method of delivery or shipment, or similar requirements or to otherwise change the scope of the work covered by this order and Seller agrees to promptly make such changes. If the change results in an increase in price or time for performance that cannot be avoided by the Seller, the Seller shall notify the Buyer immediately specifying in detail the reasons for the increase in price or time for performance and requesting an equitable adjustment to the price or time of performance. Failure of the Seller to provide such notice prior to commencing work on the change shall be deemed acceptance of the change at the contract price and schedule. Upon receipt of a notice, Buyer shall equitably adjust the price or time of performance if, in its discretion, the increased prices or time of performance is unavoidable.

L. **Parts Disclosure; Special Warnings; Instructions:** If requested by Buyer, Seller shall promptly furnish to Buyer in such form and detail as Buyer may direct: (a) a list of all ingredients/parts in the Products purchased hereunder; (b) the amount of or more ingredients/parts; and (c) information concerning any changes in or additions to such ingredients/parts. Prior to and in conjunction with the shipment of the Products purchased hereunder, Seller agrees to furnish to Buyer sufficient warning and notice in writing (including appropriate labels on Products, containers and packing) of any hazardous material which is an ingredient or a part of any of the Products, together with such special handling instructions as may be necessary to advise carriers, Buyer, and their respective employees of how to exercise that measure of care and precaution which will best prevent bodily injury or property damage in the handling, transportation, processing, use, or disposal of the Products, containers and packing shipped to Buyer.

M. **Cancellation:** Buyer reserves the right to cancel all or any part of this order, without incurring any liability to Seller in the event of the happening of any of the following events: (a) Seller repudiates or breaches any of the terms of this order; (b) Seller fails to perform Services or deliver Products as specified by Buyer; (c) Seller fails to make progress so as to endanger timely and proper completion of Services or delivery of Products; and

does not correct such failure or breach within ten (10) days (or such shorter period of time if commercially reasonable under the circumstances) after receipt of written notice from Buyer specifying such failure or breach, (d) insolvency of the Seller; (e) filing of a voluntary petition in bankruptcy by Seller; (f) filing of any involuntary petition in bankruptcy against Seller, (g) appointment of a receiver or trustee for Seller, or (h) execution of an assignment for the benefit of creditors by Seller, provided that such petition, appointment or assignment is not vacated or nullified within fifteen (15) days of such event.

N. **Intellectual Property:** Buyer does not transfer to Seller any patent, trade secret, trademark, service mark, copyright, mask work, or other intellectual property right ("Intellectual Property Right") of Buyer in information, documents, or property that Buyer makes available to Seller under the Contract. Seller agrees: (a) to defend, hold harmless and indemnify Buyer, its successors and customers against all claims, demands, losses, suits, damages, liability and expenses (including reasonable attorney fees) arising out of any suit, claim or action for actual or alleged direct or contributory infringement of, or inducement to infringe, any United States or foreign patent, trademark, copyright or other intellectual property right by reason of the manufacture, use or sale of the Products or Services ordered or for actual or alleged misuse or misappropriation of a trade secret resulting directly or indirectly from Seller's actions; and (b) to waive any claim against Buyer under the Uniform Commercial Code or otherwise, including any hold harmless or similar claim, in any way related to a claim asserted against Seller or Buyer for patent, trademark, copyright or other intellectual property right infringement. If a claim under this Section results, or is likely to result, in an injunction or other order that would prevent Seller from supplying or Buyer from using Products for their intended purpose, Seller will at its option and expense either (i) secure a license of the Intellectual Property Right that permits Seller to continue supplying the Products to Buyer, or (ii) modify the Products so that they become non-infringing, so long as the modification does not materially alter the operation or performance of the Products, or (iii) replace the Products with non-infringing but practically equivalent Products. Seller agrees not to assert any claim with respect to any technical information which Seller shall have disclosed or may hereafter disclose to Buyer in connection with the Products or Services covered by this order.

O. **Confidential Information:** 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 Buyer or Buyer's agents, representatives or customers in connection with the 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 Buyer or Buyer's agents, representatives or customers as the case may be. Seller may not disclose Confidential Information or use Confidential Information for any purpose other than as contemplated under the Contract; provided that prior to all disclosures of Confidential Information to a third party, Seller shall secure Buyer's prior written consent to such disclosure. Upon request by the Buyer, the Seller will promptly return or destroy the original and all copies of Confidential Information received.

P. **Indemnification:** Seller will indemnify and defend Buyer against third-party claims or demands for injury or death to persons, property damage, economic loss, and any resulting damages, losses, costs, and expenses (including reasonable legal fees), regardless of whether the claim or demand arises under tort, contract, strict liability, or other legal theories, arising from or in connection with Seller's performance of work or use of Buyer's

property, Seller's defective design or manufacture of Products or provision of Services, or its negligent acts or omissions in its performance under the Contract.

Q. Insurance: Prior to commencing work, Seller will maintain and upon request furnish to Buyer a certificate evidencing (1) general liability insurance with coverage limits reasonably acceptable to Buyer and naming Buyer as an additional insured, (2) all risk property perils insurance covering the full replacement value of Buyer's property while in Seller's care, custody, or control and naming Buyer as loss payee, and (3) worker's compensation insurance as required by applicable law.

R. Setoff: In addition to any right of setoff provided by law, all amounts due Seller shall be considered net of indebtedness of Seller to Buyer and its subsidiaries, and Buyer may deduct any amounts due or to become due from Seller to Buyer and its subsidiaries from any sums due or to become due from Buyer to Seller.

S. Advertising: Seller shall not, without first obtaining the written consent of Buyer, in any manner advertise or publish the fact that Seller has contracted to furnish Buyer the Products or Services herein ordered, or use any trademarks or tradenames of Buyer in Seller's advertising or promotional materials.

T. Compliance with Laws: Seller agrees to comply with all federal, state and local laws, executive orders, rules, regulations and ordinances which may be applicable to Seller's performance of its obligations under this order. Suppliers are expected to be compliant with the requirements as specified in the latest revisions of ISO9001:2000 and ISO/TS116949:2002. Seller must conform to OSHA #1926 and #1910 where applicable. Seller will supply Buyer with information reasonably required in order for Buyer to comply with applicable laws.

U. Equal Opportunity; Affirmative Action: This order incorporates by reference: (a) all provisions of 41 C.F.R. 60-1.4, pertaining to the equal opportunity clause in government contracts; (b) all provisions of 41 C.F.R. 60-250, pertaining to affirmative action for disabled veterans of the Vietnam Era; and (c) all provisions of 41 C.F.R. 60-741, pertaining to affirmative action for handicapped workers. Seller certifies that it is in compliance with all applicable provisions of 41 C.F.R. 60-1, including but not limited to: (a) developing and presently having in full force and effect a written affirmative action compliance program for each of its establishments as required by 41 C.F.R. 60-140; (b) filing EEO-1 Reports as required by 41 C.F.R. 60-1.7; and (c) neither maintaining segregated facilities nor permitting its employees to perform Services at segregated facilities as prohibited by 41 C.F.R. 60-1.8. Buyer requests that Seller adopt and implement a policy to extend employment opportunities to qualified applicants and employees on an equal basis, regardless of an individual's age, race, color, sex, religion or national origin.

V. No Implied Waiver: The failure of either party at any time to require performance by the other party of any provision of the Contract shall in no way affect the right to require such performance at any time thereafter, nor shall the waiver of either party of a breach of any provision of the Contract constitute a waiver of any succeeding breach of the same or any other provision.

W. Non-Assignment: Seller may not assign or delegate its obligations under the Contract without Buyer's prior written consent.

X. Relationship of Parties: Seller and Buyer are independent contracting parties and nothing in this order 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.

Y. Governing Law; Forum: These Terms and Conditions are to be construed and governed under the laws of New York, without regard to its conflict of laws rules. The United Nations Convention on Contracts for the International Sale of Goods will not apply to the Contract. All disputes arising under these Terms and Conditions shall be brought exclusively in the State of Tennessee.

Z. Severability: If any term of this order 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 order shall remain in full force and effect. The Contract, including these Terms and Conditions, 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.