



CHESAPEAKE SCIENCES CORPORATION
1127B Benfield Blvd
Millersville, Maryland 21108

TC-1

GENERAL PROVISIONS FOR COMMERCIAL SUBCONTRACTS OR PURCHASE ORDERS

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SECTION I: GENERAL PROVISIONS

1. **DEFINITIONS:** The following terms shall have the meaning set forth below:

“**Contract**” means the instrument of contracting, (e.g. PO, Purchase Order, or other such designation), including all referenced documents, exhibits, and attachments. If these terms and conditions are incorporated into a master agreement that provides for releases (in the form of a Purchase Order, or other such document), the term “Contract” shall also mean the release document for the Work to be performed.

“**CSC**” means CHESAPEAKE SCIENCES CORPORATION.

“**CSC Procurement Representative**” or “**BUYER**” means the person authorized by CSC’s Operations organization to administer this Contract.

“**PO**” or “**Purchase Order**” or “**Order**” as used in any document constituting a part of this Contract shall mean this Contract.

“**SELLER**” means the Party identified on the title page of the Contract, with whom CSC is contracting.

“**Work**” means all required articles, materials, supplies, goods, and services constituting the subject matter of this Contract.

2. **FORMATION OF CONTRACT AND TERMS AND CONDITIONS:** This contract is CSC’s offer to SELLER. SELLER’s signature on the Contract, acknowledgment, acceptance of payment, or commencement of performance, shall constitute SELLER’s unqualified acceptance of this Contract. SELLER’s acceptance of this Contract creates a binding Contract between CSC and SELLER, which shall be

governed by the provisions of this Contract. This Contract integrates, merges and supersedes any prior offers, negotiations, and agreements concerning the subject matter hereof and constitutes the entire agreement between the Parties. Additional or differing terms or conditions proposed by SELLER or included in SELLER’s acknowledgement hereof and hereby objected to CSC and have no affect unless accepted in writing by CSC.

3. **GOVERNING LAW AND COMPLIANCE WITH LAWS:** This Order shall be subject to and construed in accordance with the laws of the State of Maryland. The United Nations Convention on Contracts for the International Sale of Goods shall play no role in the interpretation or construction of this Order. In the performance of this Order, the SELLER agrees to comply with all applicable local, state, and federal laws and executive orders and regulations issued pursuant thereto. SELLER further agrees to indemnify CSC against any loss, cost, damage or liability by reason of SELLER’s violation of this provision.

4. **ASSIGNMENT AND SUBCONTRACTS:** SELLER shall not assign or transfer this Order or any part of this Order to a third party without the prior written consent of CSC. Further, SELLER agrees to obtain CSC’s approval before subcontracting this Order or any portion thereof; provided, however, this limitation shall not apply to the purchase of standard commercial supplies or raw materials. This limitation shall not apply to secondary manufacturing processes commonly used in the fabrication of mechanical and electronic hardware items such as painting, silk screening, chemical treatments, coatings and platings. When secondary manufacturing processes are conducted at SELLER’s lower-tier subcontractors the SELLER is required to provide certifications, when noted within the applicable process specifications, which validate that the lower-tier subcontractor was qualified to conduct the work.

5. **CONTRACT DIRECTION:** Only the CSC Procurement Representative has authority to amend or to direct the SELLER regarding this Contract. Such amendment or direction must be in writing. CSC engineering and technical personnel may render assistance or give technical advice or discuss or affect an exchange of information with SELLER's personnel concerning the Work hereunder. Such actions shall not be deemed to be a change under the *Changes* clause of this Contract and shall not be the basis for equitable adjustment. Unauthorized action or direction taken by a CSC customer shall not be deemed to be a change under the *Changes* clause of this Contract and shall not be the basis for equitable adjustment. Except as otherwise provided herein, all notice to be furnished by the SELLER shall be sent to the CSC Procurement Representative.
6. **DELIVERY:** The supplies and services required by this Order shall be delivered in accordance with the delivery schedule contained in this Order. The time of delivery stated is of the essence for this Order. All items furnished hereunder shall be delivered, FOB Destination via the most economical means of transportation, unless otherwise stated on the face of the PO.. Delivery shall not be deemed complete until the supplies and services are received and accepted by CSC.
7. **NEW MATERIALS:** Unless otherwise specified in this Contract, the Work to be delivered hereunder shall consist of new materials (not used or reconditioned, or of such age as to impair usefulness or safety).
8. **INSPECTION AND ACCEPTANCE:** The SELLER shall provide and maintain a quality program acceptable to BUYER for supplies or services covered by this Order. The quality program shall be in accordance with quality provisions as may be identified on the face of this Order. SELLER shall, without additional cost to BUYER, permit CSC's personnel and customers to have access to SELLER's plant at all reasonable hours for the purpose of assessing progress, witnessing tests, and/or inspecting any items covered by this Order or work in progress for same. Unless otherwise specified, all supplies covered under this Order shall be subject to inspection and acceptance by BUYER at CSC's facility. Title and risk of loss for supplies shipped by SELLER shall pass to BUYER upon final acceptance of supplies by BUYER.
9. **PACKING, SHIPPING AND MARKING:** Unless otherwise specified, all Work is to be packed in accordance with good commercial practice to prevent damage and deterioration during shipping, handling, and storage. A complete packing list shall be enclosed with all shipments. SELLER shall mark containers or packages with necessary lifting, loading, and shipping information, including the CSC contract number, item number, dates of shipment, and the names and addresses of consignor and consignee. Bills of lading shall include the Contract number. Delivery shall be FOB Destination unless otherwise stated on the face of the PO.
10. **PROPRIETARY INFORMATION:** All specifications, drawings, designs, know-how, trade secrets and inventions which are furnished by CSC or developed by CSC or SELLER in connection with the subject matter of this Order, shall be the sole and exclusive property of CSC, and SELLER agrees to keep all such information in confidence and not to disclose it to other parties. SELLER agrees to disclose to BUYER any proprietary information developed in

connection with the subject matter of this Order and to transfer all right and title and interest in and to such proprietary information to BUYER.

11. **INFORMATION OF CSC:** Information provided by CSC to SELLER remains the property of CSC. SELLER agrees to comply with the terms of any confidential disclosure agreement with CSC and to comply with all proprietary information markings and restrictive legends applied by CSC to anything provided hereunder to SELLER. SELLER agrees not to use any CSC-provided information for any purpose except to perform this Contract and agrees not to disclose such information to third parties without the prior written consent of CSC.
12. **INFORMATION OF SELLER:** SELLER shall not provide any proprietary information to CSC without prior execution by CSC of a confidential disclosure agreement.
13. **INSURANCE, LIABILITY TO THIRD PARTIES AND INDEMNIFICATION:** In the event that SELLER, its employees, agents, or subcontractors enter CSC's or its customer's premises for any reason in connection with this Contract, SELLER, as well as its subcontractors and lower-tier subcontractors, shall procure and maintain worker's comprehensive general liability, bodily injury, and property damage insurance in reasonable amounts, and such other insurances as CSC may require, as stated in the contract schedule, and shall comply with all site requirements. Such insurances shall be written through a licenses carrier, with a financial rating of no less than A-, in the respective state of operation and shall meet all legal minimum requirements of same state. SELLER shall indemnify and hold harmless CSC, its officers, employees, and agents from any and all losses, costs, claims, causes of action, damages, liabilities, and expenses, including (but not limited to) attorney's fees, all expenses of litigation and settlement, and court costs, by reason of property damage or personal injury to any person caused in whole or in part by the actions or omissions or SELLER, its officers, employees, agents, suppliers, of subcontractors at any tier. SELLER shall provide CSC thirty (30) days advance written notice prior to the effective date of any cancellation or change in the terms or coverage of any of SELLER's required insurance. If requested, SELLER shall send a Certificate of Insurance showing SELLER's compliance with these requirements. SELLER shall name CSC as an additional insured for the duration of this Contract. Insurance maintained pursuant to this clause shall be considered primary as respects the interest of CSC and it is not contributory with any insurance which CSC may carry.
14. **DISPUTES:** Any dispute, controversy, or claim arising out of or relating to this Contract or default, termination, or invalidity hereof, shall be settled by arbitration under the rules of the American Arbitration Association. The place of the arbitration shall be Washington, D.C. The language to be used in the arbitral proceedings shall be English. Judgment of the arbitrators shall be final and non-appealable and may be entered in any court having jurisdiction or application may be made to such court for a judicial acceptance of the award and an order of the enforcement. Each Party shall bear its own expenses of the arbitration, but the fees and costs of the arbitrators shall be borne equally between the Parties participating in the arbitration.

Consistent with the expedited nature of arbitration, each party will, upon the written request of the other party, promptly provide the requesting party with copies of documents

relevant to the issues raised by any claim or counterclaim. Any dispute regarding discovery, or the relevance or scope thereof, shall be determined by the arbitrators, whose determination shall be conclusive. All discovery shall be completed within thirty (30) days following the appointment of the arbitrators.

No action at law or in equity may be commenced by SELLER under or arising from this Contract unless it is brought within one year after the accrual of the cause of action upon which the claim is based, regardless of whether SELLER knew or should have known of the accrual of any such action.

Notwithstanding the foregoing, in the event of a breach or threatened breach by SELLER under the *Proprietary Information* provision of this Contract, CSC may forego arbitration under this provision and seek immediate judicial and equitable remedies, including, but not limited to, injunctive relief or specific performance.

Until final resolution of any dispute hereunder, SELLER shall diligently proceed with the performance of this Contract as directed by the CSC Procurement Representative.

- 15. TERMINATION FOR CONVENIENCE:** BUYER may at any time terminate this Order, in whole or in part, for the convenience of CSC by written notice to the SELLER. Upon receipt of the termination notice, SELLER shall, unless otherwise directed in writing, discontinue performance of work as instructed by BUYER on the date of the notice and take action to minimize costs to CSC. Payment for supplies or services already completed or in the process of completion shall be adjusted between BUYER and SELLER in a fair and reasonable manner, but such payment shall exclude any allowance for anticipated profits for work not performed. Such payments shall not exceed the total value of the Order prior to the termination notice. SELLER shall submit to BUYER a termination for convenience claim within sixty (60) days after date of the termination notice with supporting data for the claim. SELLER shall deliver, and assign all completed and partially completed supplies as instructed by BUYER. SELLER shall continue work not terminated.
- 16. STOP WORK ORDER:** SELLER shall stop Work for up to ninety (90) days in accordance with the terms of any written notice received from CSC, or for such longer period of time as the Parties may agree, and shall take all reasonable steps to minimize the incurrence of costs allocable to the Work covered by this Contract during the period of the Work stoppage.
- Within such period, CSC shall either terminate or continue the Work by written order to SELLER. In the event of a continuation, an equitable adjustment, in accordance with the principles of the Change clause, shall be made to the price, delivery schedule, or other provision affected by the Work stoppage, if applicable, provided that the claim for equitable adjustment is made within thirty (30) days after such continuation.
- 17. FURNISHED PROPERTY:** CSC may provide to SELLER property owned by either CSC or its customer (Furnished Property). Furnished Property shall be used only for the performance of this Contract. Title to Furnished Property shall be retained by CSC or its customer. SELLER shall clearly mark (if not already marked) all Furnished Property to show ownership. Except for reasonable wear and tear,

SELLER assumes all risk of loss, destruction, or damage of Furnished Property, while in SELLER's possession, custody, or control. Upon request, SELLER shall provide CSC with adequate proof of insurance against such risk as loss. SELLER shall promptly notify CSC of, any loss or damage. Without additional charge, SELLER shall manage, maintain, and preserve Furnished Property in accordance with good commercial practice. At CSC's request or at completion of this Contract the SELLER shall submit, in an acceptable form, inventory lists of Furnished Property and shall deliver or make such other disposal as may be directed by CSC.

- 18. GRATUITIES AND KICKBACKS:** No gratuities (in the form of entertainment, gifts, or otherwise) or kickbacks shall be offered or given by SELLER to any employee of CSC with a view toward securing favorable treatment as a supplier.
- 19. INDEPENDENT CONTRACTOR RELATIONSHIP:** Seller is an independent contractor in all its operation and activities hereunder. The employees used by SELLER to perform Work under this Contract shall be the SELLER's employees exclusively, without any relation whatsoever to CSC, and shall not be entitled to participate in or receive any of CSC's employee benefits.

SELLER shall be responsible for any costs or expenses including attorneys' fees, all expenses of litigation and settlement, and court costs, arising from any act or omission of SELLER, its officers, employees, agents, suppliers, or subcontractors at any tier, relating in any way to or affecting the performance of any of its obligations under this Contract.

- 20. PAYMENTS, TAXES, AND DUTIES:** Unless otherwise specified on the face of the PO, terms of payment shall be net forty-five (45) days from CSC's receipt of the SELLER's proper invoice. CSC shall have the right of setoff against payments due or at issue under this Contract or any other Contract between the Parties.

Payment shall be deemed to have been made as of the date of CSC's mailed payment or electronic funds transfer.

Unless otherwise specified, prices include all applicable federal, state, and local taxes, duties, tariffs, and similar fees imposed by any government, all of which shall be listed separately on the invoices. Prices shall not include any taxes, impositions, charges or exactions for which CSC has furnished a valid exemption certificate or other evidence of exemption.

All taxes, assessments and similar charges levied with respect to or upon any such products or Work owned by the CSC while in SELLER's possession or control, and for which no exemption is available, shall be borne by SELLER.

The prices stated in the contract are firm, fixed prices in United States dollars.

- 21. SOURCE SURVEILLANCE:** In addition to inspections as otherwise provided in this Contract, and at no increase in Contract price, CSC may assign quality assurance representatives to SELLER's facilities to conduct and maintain surveillance as necessary to ensure quality and reliability. SELLER likewise shall reserve such right to CSC with respect to SELLER's lower-tier subcontractors. If such examination is made, SELLER shall provide, and require its subcontractors to provide, such representatives with

reasonable facilities, equipment and unescorted access (except in areas where proprietary processes or data are located, in which case access shall be on an escorted basis) to all areas essential to the proper conduct of the above described activity.

22. **QUALITY CONTROL SYSTEM:** Unless this contract contains other specific quality requirements,

SELLER shall provide and maintain a quality control system to an industry-recognized quality standard for the Work covered by this Contract.

Records of all quality control inspection work by SELLER shall be kept complete and made available to CSC and its customers during the performance of this Contract and for such longer periods as may be specified.

23. **RELEASE OF INFORMATION:** Except as required by law, no public release of any information, or conformation or denial of same, with respect to this Contract or the subject matter hereof, will be made by SELLER without the prior written approval of CSC.
24. **CHANGES:** BUYER shall have the right at any time to make changes in drawings, designs, specifications, quantities, delivery schedules, method of shipment and packaging of any item in this Order, and SELLER agrees to be bound thereby. If such changes result in delay or an increase or decrease in expense to the SELLER, SELLER shall promptly notify CSC's Purchasing Representative to negotiate an equitable adjustment. If so directed by BUYER in writing, the SELLER shall proceed diligently to perform the work or services, pending completion of negotiations, and supply the items contracted for, as so changed. No claim by SELLER for such equitable adjustment shall be valid unless submitted to BUYER within fifteen (15) days from the date of such change notice, accompanied by a detailed support of charges resulting from such change.
25. **DEFAULT:** CSC, by written notice, may terminate this Contract for default, in whole or in part, if SELLER fails to comply with any of the terms of this Contract, or fails to provide adequate assurance of future performance. SELLER shall have ten (10) days (or longer period, which CSC may authorize in writing) to cure any such failure after receipt of notice from CSC. Defaults involving delivery schedule delays shall not be subject to the cure provision.
26. **EXCUSABLE DELAY:** Subject to (a) and when mutually agreed by the Parties, SELLER shall be excused from, and shall not be liable for, failure of performance due to one or more of the following qualifying events (such list being exclusive).
(a) War; war like operation; insurrection; riot; fire; flood; explosion; accident; governmental act; material control

regulations or orders; act of GOD; act of the public enemy; epidemic; quarantine restriction; and strikes; and if such event was beyond SELLER's control and not occasioned by its negligence or default. The Contract will be extended for that period of time attributable to such events.

To be excused from performance under (a) SELLER shall submit within ten (10) days of the start of the qualifying event, a written notice stating a complete and detailed description of such event, the date of commencement, an estimate of the probable period of delay, and explanation indicating how such event was beyond the control of the SELLER and not due to its negligence or fault and was efforts SELLER will make to minimize the length of the delay. SELLER shall submit within ten (10) days of the end of the event a written notice stating the impact to the schedule and evidence justifying the length of the delay. If the delay extends for thirty (30) days or more, this Contract may be terminated by CSC without additional cost and CSC may elect to return to SELLER for a refund that portion of the work delivered to CSC prior to the occurrence of the qualifying event.

27. **PRECEDENCE:** Any inconsistencies in this Contract shall be resolved in Accordance with the following (in descending order of precedence): (1) face of the Purchase Order, release document or schedule (which may include continuation sheets), as applicable, including any special terms and conditions; (2) any master agreement, such as corporate, sector, or blanket agreements; (3) Statement of Work; and (4) these General Provisions.
28. **WARRANTY:** SELLER expressly warrants that all supplies and services furnished hereunder are of merchantable quality, fit for the intended purpose, free from defects in design, except where design is provided by BUYER, and conform to the applicable specifications, drawings, and descriptions. The warranty period shall be six months after final acceptance of supplies by BUYER. Work not in conformance with this warranty shall, at CSC's option, be returned to SELLER, at SELLER's expense, for credit or correction or replacement at SELLER's expense.
29. **WAIVER, APPROVAL, AND REMEDIES:** Failure by CSC to enforce any provisions of this Contract shall not be construed as a waiver of the requirements of such provisions, or as a waiver of the rights of CSC thereafter to enforce each and every such provision. CSC's approval of documents shall not relieve SELLER from complying with any requirements of this Contract. The rights and remedies of CSC in this Contract are in addition to any other rights and remedies provided by law or in equity.