

## GENERAL TERMS AND CONDITIONS

1. **ACCEPTANCE.** This purchase ordering is an offer to purchase goods and/or services as set forth on the face hereof. Any of the following acts by Seller shall constitute acceptance of this order: signing and returning a copy of this order, delivery of any of the goods ordered, commencement of performance of informing the Buyer in any manner of performance or returning Seller's own form of acknowledgement expressly acknowledging the terms set forth on the face hereof. Any additional or different term or condition on Seller's acknowledgement form or otherwise communicated by Seller in accepting the order shall be deemed to be a material alteration of this order and is hereby objected to by Buyer. Any such term or condition shall be totally inapplicable to this order unless specifically agreed to in a writing signed by air authorized representative of Buyer. Acceptance of the goods or services covered by this order will not constitute acceptance by Buyer or Seller's terms and conditions. To the extent this order is in any way deemed to be an acceptance of a quotation or other offer by Seller, any such acceptance is expressly conditional upon the consent of the Seller to the terms and conditions of this order.

2. **PRICE AND DELIVERY.** Seller shall furnish the goods covered by this order (the Goods) or the services covered by this order (the "Services") in accordance with the prices and delivery schedule stated on the face of this order. If prices and/or delivery dates are not stated, Seller shall offer its lowest prices and best delivery dates, both of which shall be subject to written acceptance by Buyer. All prices include all applicable taxes and other government charges including but not limited to all federal, state, and municipal sales, use or excise taxes, or any customs duties.

Seller warrants that the prices charged for the Goods or Services ordered will be as low as the lowest prices charged by the Seller to any customers purchasing similar goods or services in the same or smaller quantities and under like circumstances.

Buyer may return, or store at Seller's expense, any Goods delivered more than ten (10) days in advance of the delivery date specified for such Goods.

3. **PACKING AND SHIPPING.** No charge shall be made by Seller for packaging or storage. All goods shall be packaged, marked, and otherwise prepared in accordance with good commercial practices to obtain lowest shipping rates. On containers Seller shall mark handling and loading instruction, shipping information, order number, item and account number, shipment date, and names and addresses of Seller and buyer. An itemized packing list shall accompany each shipment.

4. **F.O.B. TITLE AND RISK OF LOSS.** Unless otherwise specified on the face of this order, the F.O.B. point shall be Buyer's locations designated on the face of this order. If transportation is F.O.B. Seller's location, Seller shall bear all risk of loss or damage to the Goods, and title shall not shift to Buyer until delivery of the Goods to the carrier. If transportation is F.O.B. Buyer's locations, Seller shall bear all risk of loss or damage to the Goods, and title shall not shift to Buyer until delivery of Goods to Buyer's location.

5. **INVOICING.** After each shipment made or Service provided under this order, Seller shall send a separate Invoice including item numbers, in duplicate, accompanied (if applicable) by a bill of lading or express receipt. Payment of Invoice shall not constitute acceptance of the Goods or Services and shall be subject to appropriate adjustment for failure of Seller to meet the requirements of this order. Buyer may set of any amount owed by Seller or any of its affiliated companies to buyer against any amount owed by Buyer to Seller under this order.

### 6. INSPECTION

a. All Goods may be inspected and tested by the Buyer, his customers, higher tier contractors, and (in the case of Goods purchased for a U.S. government contract or subcontract) the U.S. Government at all reasonable times and places. If such inspection or testing is made on Seller's premises, Seller shall provide, without additional charge, all reasonable facilities and assistance for such inspections and tests in its internal inspection and testing of the Goods. Seller shall, if required by Buyer, use an inspection system accepted by buyer in writing. All inspection records relating to the Goods shall be available to Buyer during the performance of this order and for such longer periods specified by Buyer in its acceptance of the inspection system, if any.

b. Final inspection and acceptance by buyer shall be at destination unless otherwise specified in this order. Such inspection shall be in accordance with the customary established inspection procedures of the location of Buyer where the Goods are received. If rejection of a shipment would result from Buyer's normal inspection level under such procedures, Buyer may, at this option, conduct an above normal level of inspection up to 100% inspection and charge the Seller the reasonable costs thereof.

c. No inspection (including source inspection), tests, approval (including design approval), or acceptance of the Goods shall relieve Seller from responsibility for any defects in the Goods or other failure to meet the requirements of this order or for latent defects, fraud, such gross mistakes as amount to fraud, or Seller's warranty obligation. If the Goods are defective or otherwise not in conformity with the QED Exhibit 1

requirements of this order, Buyer may, by written notice to Seller, (I) rescind this order as to such Goods, (II) accept such at an equitable reduction in price, or (III) reject such Goods and require the delivery of replacements. Deliveries of replacements shall be accompanied by a written notice specifying that such Goods are replacements. If Seller fails to deliver required replacements promptly, Buyer may (I) replace or correct such Goods and charge the Seller the cost thereof, (including cover and any incidental costs), or (II) terminate this order for cause as provided in Section 19 b. hereof. Rights granted to Buyer under this Section 6 are in addition to any other rights or remedies provided elsewhere in this order or in law.

7. **WARRANTIES.** In addition to all other express or implied warranties, Seller warrants that the Goods will be (I) free from defects in workmanship and material, (II) free from defects in design except to the extent that such Goods comply with the detailed designs provided by Buyer, (III) suitable for the purposes, if any, which are stated on the face of this order, and (IV) in conformity with all the other requirements of this order. These warranties and all other warranties express or implies, shall survive delivery, inspection, acceptance, and payment.

In addition to any other rights Buyer may have, if Goods are found not to be as warranted within a period of one (1) year after acceptance by Buyer, Buyer may return such Goods to Seller at Seller's expense for correction, replacement, or credit as Buyer may direct. Any Goods corrected or furnished in replacement shall, for the date of delivery of such corrected or replacement Goods, shall be subject to the provisions of this Section 7 for the same period and the same extent as Goods initially furnished pursuant to this order.

As to Services, in addition to any express or implied warranties, Seller warrants that it possesses the requisite expertise, facilities, and equipment necessary and appropriate to perform the Services and that such Service shall be performed in a safe and workmanlike manner. In addition to any other rights Buyer may have, if the Services are found not to be performed as warranted within a period of one (1) year after the conclusion of the performance of the Services by Seller, Seller shall at Buyer's option, either refund to Buyer the amount paid for the Services or perform the Services again in a proper manner to the extent necessary to provide the Buyer with the result originally contemplated by Buyer.

8. **PROPRIETARY INFORMATION.** All written information obtained by Seller from Buyer in accordance with this order and which is identified as proprietary by Buyer shall be received in confidence and shall remain the property of Buyer. Shall be used and disclosed by Seller only to the extent necessary for the performance of this order, except that upon prior written notice to Buyer, Seller may use such information in the manufacture of end items for direct sale to the U.S. Government to the extent that the U.S. Government has the right to authorize such use by Seller and provided that Seller to the extent practicable prominently identifies such end items as being manufactured by Seller for direct sale to the U.S. Government.

9. **SUBCONTRACTS.** Seller shall not subcontract for complete or substantially complete parts of the work called for by this order without Buyer's prior written approval.

10. **COMPLIANCE WITH LAWS.** Seller shall comply with all federal, state, and local laws, ordinances, rules, and regulations in the manufacture and sale of the Goods and performance of the Services, including but not limited to the Occupational Safety and Health Act, the Truth in Negotiation Act, the Resources Conservation and Recovery Act, and all applicable requirements of the Fair Labor Standards Act. Seller will defend and hold Buyer harmless from any less damages or costs arising from or caused in any way by any actual or alleged violation of any federal state, or local law ordinance, rule or regulation.

Seller shall provide to Buyer, at the time of initial shipment or request a completed Material Safety Data Sheet (OSHA Form 174 or equivalent) for any chemical substances sold hereunder as required by any applicable federal state, or local law ordinance, rule or regulation. Such sheets shall contain all the information necessary to comply with the Federal Hazard Communication Standard (29 CFR 1910 1200) and all applicable state regulations.

11. **LIEN WAIVERS.** Seller shall furnish upon Buyer's request, waivers by Seller and all other persons entitled to assert any lien rights in connection with the performance of this order.

12. **PATENTS.** Seller agrees to save Buyer, his customers, and agents harmless from any loss, damage, or liability incurred on account of any alleged infringements of any patent with respect to any product furnished under this Purchase Order. Seller also agrees that he will, at his own expense, defend any action, suit, or claim in which infringement is alleged provided Seller is duly notified as to such suit. In case the product or any part thereof, or replace same with non-

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infringing product or part thereof or modify the product so that it becomes non-infringing, or in the event of the impossibility of the foregoing options grant Buyer a credit for the purchase price of such product. Seller shall not be liable to Buyer if any patent infringement or claim thereof is based upon the use of the product in combination with other items where such infringement or claim thereof would not have occurred from the normal use for which the product was designed.

13. **LIABILITY FOR INJURY.** Seller shall indemnify Buyer against any and all cost, loss and liability for all personal injury and property damage (including but not limited to response or remedial action costs associated with damage to the environment or to natural resources), caused by the Goods or Services performed by Seller (whether performed on the premises of Seller or buyer or elsewhere) and shall defend at his sole cost and expense any action brought against Buyer as a result of any such personal injury or property damage. Seller shall carry and maintain insurance coverage sufficient to cover the above, and, upon Buyer's request, shall furnish Buyer with satisfactory evidence of such insurance.

14. **ASSIGNMENT.** Seller shall not assign this order or any rights under this order without the prior written consent of Buyer and no purported assignment by Seller shall be binding on Buyer without such written consent.

15. **NOTICE OF LABOR DISPUTES.** Whenever an actual or potential labor dispute delays, or threatens to delay the timely performance of this order, Seller shall immediately notify Buyer in writing of all relevant information with respect to such dispute.

16. **CESSATION OF PRODUCTION.** If production of any Goods, or the provision of any Services is to be permanently discontinued at any time within one (1) year of such Goods or Services under this order, Seller shall give Buyer at least on hundred eighty (180) days prior written notice of such discontinuance during which time Seller shall accept orders from Buyer for a reasonable quantity of such Goods or Services.

17. **PUBLICITY.** Seller shall not make or authorize any news release, advertisement, or other disclosure which shall deny or confirm the existence of this order without the prior written consent of Buyer except as may be required to perform this order.

18. **CHANGES.** Buyer may at any time by written change order, suspend performance of this order, in whole or in part, method of shipment or packing, or time or place of delivery of the Goods, reschedule the Services or require additional or diminished Services. If any such change causes an increase or decrease in the cost of or the time required for performance of this order, an equitable adjustment shall be made in the contract price or delivery dates or both, and this order shall be modified in writing accordingly. Any claim for adjustment under this Section 18 may, at Buyer's option, be deemed to be absolutely and unconditionally waived unless asserted in writing (including the amount of the claims) and delivered to Buyer within thirty (30) days from the date of receipt by Seller of the change order. If the cost of property made obsolete or excess as a result of a change is paid by Buyer, Buyer may prescribe the manner of disposition of such property.

Buyer's engineering and technical personnel are not authorized to change the Goods or Services ordered or any other provision of this order. No change order will be binding on Buyer unless issued by an authorized representative of Buyer's purchasing office. Nothing in this Section 18 shall excuse Seller from proceeding with the order as changed.

### 19. TERMINATION.

a. **Without Cause.** Buyer may terminate for his convenience, all or any part of this order at any time by written notice to Seller. Upon such termination settlement shall be made in accordance with the principles contained in Federal Acquisition Regulation (FAR) 52.249-2 as in effect as of the date of this order except that Seller must submit any claim for equitable adjustment or termination to Buyer within forty-five (45) days after the effective date of termination or such claim shall be absolutely and unconditionally waived.

b. **With Cause.** If Seller fails to make delivery of the Goods, or fails to perform the Services, in accordance with the delivery dates specified in this order, or fails to perform any other provision of this order, or so fails to make progress as to endanger performance of this order in accordance with its terms and does not cure such failure within ten (10) days after notice from the Buyer, Buyer may (in addition to any other right or remedy provided by this order or by law) terminate all or any part of this order by written notice to Seller without liability and purchase substitute goods elsewhere and Seller shall be liable to Buyer for any excess cost occasioned Buyer thereby. Seller shall continue performance of this order to the extent not terminated pursuant to this Section 19 b.

Except with respect to defaults of subcontractors at any tier, Seller shall not be liable to Buyer if the failure to perform this order arises out of cause beyond the control and without the fault or negligence of the Seller. If the failure to perform is caused

by the default of a subcontractor at any tier and such default arises out of causes beyond the control of both the Seller and subcontractor and without the fault or negligence of either of them, the Seller shall not be liable to Buyer unless Goods or Services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Seller to meet the requirements of this order.

If this order is terminated as provided in this Section 19 b, the Buyer, in addition to any other rights provided herein, may require the Seller to transfer title and deliver to the Buyer (I) any completed Goods and (II) such partially information and contract rights as the Seller has specifically produced or specifically acquired for the performance of this order.

If after notice of the termination of this order, with cause, it is determined that the failure to perform is due to causes totally beyond the contract and totally without the fault or negligence of the Seller, such notice of default shall be deemed to have been issued pursuant to Section 19 a, hereof and the rights and obligations of the parties hereto shall be governed by such Section 19 a.

20. **WAIVER.** The failure of Buyer to insist upon the performance of any provision of this order or to exercise any right or privilege granted to Buyer under this order shall not be construed as waiving such provision or any other provision of this order and the same shall continue in full force and effect if any provision of this order is found to be illegal or otherwise unenforceable by any court or other judicial or administrative body, the other provisions of this order shall not be affected thereby, and shall remain in full force and effect.

21. **APPLICABLE LAW.** The validity performance and construction of this order shall be governed by the laws of the state shown on Buyer's address on this order.

22. **SPECIAL U.S. GOVERNMENT PROVISIONS.** The following provisions set forth below, in effect as of the date of this order, shall apply if this order bears a U.S. Government contract number

-52.203-3 Gratuities (APR 1984)

-52.203-5 Covenant Against Contingent Fees (APR 1984) (If Order exceeds \$100,000)

-52.203-7 Anti-Kickback Procedures, excluding paragraph (c)(1) (JUL 1995) (If Order exceeds \$100,000)

-52.203-13 Contractor Code of Business Ethics and Conduct (APR 2010)

-52.203-15 Whistleblower Protections Under the American Recovery and Reinvestment Act of 2009 (MAR 2009)

-52.211-17 Delivery of Excess Quantities (SEPT 1989) (\$250)

-52.219-8 Utilization of Small Business Concerns (MAY 2004) (If Order exceeds \$100,000)

-52.222-4 Contract Work Hours and Safety Standards Act – Overtime Compensation (JUL 2005) (If Order exceeds \$100,000)

-52.222-20 Walsh-Healey Public Contracts Act (DEC 1996) (If Order exceeds \$10,000)

-52.222-26 Equal Opportunity (MAR 2007)

-52.222-35 Equal Opportunity for Special Disabled Veterans, Veterans of the

Vietnam Era, and Other Eligible Veterans (SEPT 2006) (If Order exceeds \$100,000)

-52.222-36 Affirmative Action for Workers with Disabilities (JUNE 1998) (If Order exceeds \$100,000)

-52.222-41 Service Contract Act of 1965 (NOV 2007) (if invoked in the prime)

-52.222-50 Combating Trafficking in Persons (FEB 2009)

-52.244-6 Subcontracts for Commercial Items (APR 2010)

-52.247-64 Preference for Privately Owned U.S.-Flag Commercial Vessels (FEB 2006)

-252.225-7009 Restriction on Acquisition of Certain Articles Containing Specialty Metals (JUL 2009)

-252.236-7013 Requirement for Competition Opportunity for American Steel Producers, Fabricators, and Manufacturers (JAN 2009)

-252.244-7000 Subcontracts for Commercial Items and Commercial Components (AUG 2009)

-252.246-7003 Notification of Potential Safety Issues (JAN 2007)

-252.247-7023 Transportation of Supplies by Sea (MAY 2002)

-252.247-7024 Notification of Transportation of Supplies by Sea (MAR 2000)

23. **DISPUTES.** Any dispute arising under this order which is not disposed of by agreement of the parties shall be decided by a court of competent jurisdiction. Pending settlement of final decision of any such dispute, Seller shall proceed diligently with the performance of this order in accordance with Buyer's direction.

24. **COMPLETE AGREEMENT.** This order and any supplemental sheets and riders amended hereto by Buyer contains the complete and entire agreement between the parties as to the subject matter hereof and replaced and supersedes any prior or contemporaneous communications, representations, or agreements whether of or written with respect to such subject matter. This order includes Seller's EEO agreement with Buyer.