

Trusted Semiconductor Solutions General Terms and Conditions

1. GENERAL PROVISIONS

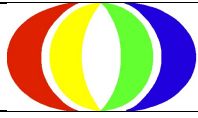
1.1 DEFINITIONS

The following definitions apply unless otherwise specifically stated:

- (a) "TSS" – Trusted Semiconductor Solutions.
- (b) "Buyer" or "TSS" – the legal entity issuing this Order.
- (c) "Purchasing" or "Procurement Representative" – Buyer or the delegated individual authorized to issue this Order.
- (d) "Contractor" – the legal entity contracting with the Buyer.
- (e) "Seller" – the legal entity receiving this Order.
- (f) "Order" or "Contract" – the Purchase Order (PO), this contractual instrument, including changes, general terms and conditions, special provisions, drawings, technical data, specifications, quality clauses, and all other documents incorporated therein.
- (g) "Product" or "Article" – goods and services, material, supplies, parts, assemblies, technical data, drawings, or other items to be furnished by Contractor to Buyer, including raw materials, components, and intermediate assemblies of such items.
- (h) "Promise Date" or "Schedule Delivery Date" Free on Board (FOB) destination – the date of receipt at destination, not ship date, irrespective of FOB point.
- (i) "Property" – all tangible property including material that may be consumed or expended during the performance of a contract.

1.2 ENTIRETY OF AGREEMENT

The provisions of this Contract constitute the complete and exclusive agreement between the parties hereto and supersede all previous negotiations, discussions, communications, representations, or agreements, whether oral or written, between the parties hereto with respect to the subject matter hereof. Where applicable, any written Agreements, Representations, and Certifications as completed by the Contractor are hereby incorporated in their entirety by reference with the same force and effect as if they were given in full text. The terms of this Contract supersede any previous course of dealing or usage of trade. No agreement or understanding varying or extending the terms or conditions of this Contract will be binding unless in writing, signed by duly authorized representatives of both parties. Acceptance of this Order by the Contractor will be by any one of the following: (1) acknowledgment in writing, (2) commencement of performance by the Contractor or (3) delivery in whole or in part of the items or services called for hereunder. No condition stated by the Contractor in its acknowledgment of this Contract shall be binding upon TSS if in conflict with, inconsistent with, or in addition to the terms and conditions contained herein, unless expressly accepted in writing by an authorized TSS Procurement Representative.



1.3 CONTRACT CHANGES

TSS may at any time by a written order issued by an authorized Procurement Representative and without notice to sureties, if any, make changes within the general scope of this Contract, in any one or more of the following: (1) drawings, designs, or specifications; (2) method of shipment or packing; (3) time or place of performance, inspection, delivery, or acceptance; (4) reasonable increases or decreases in quantities; (5) reasonable changes in delivery schedules; (6) issue additional instructions or require modification in the work or services; and (7) the amount of TSS or Customer furnished property. Contractor shall proceed immediately to perform this Order as changed. If any such change causes an increase or decrease in the cost of or the time required for performance of this Contract, or otherwise affects any other provisions of this Contract, whether changed or not changed by any such order, an equitable adjustment shall be made in the purchase price, delivery schedule, or in such other provision of the Contract as may be so affected, and the Contract modified in writing accordingly. Any claim by the Contractor for adjustment under this clause must be asserted in writing within twenty (20) days from the date of receipt by the Contractor of the notification of change; provided, however, that TSS, if it decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under this Contract. However, nothing in this clause shall excuse the Contractor from proceeding with the Contract as changed.

1.4 PRODUCT CHANGES/ PART OBSOLESCENCE

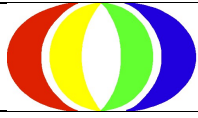
Contractor shall provide advanced written notification to the TSS Procurement Representative of any changes to tooling, facilities, materials or processes including their sub-tier suppliers (if any) that are used to manufacture or process the TSS Product. This includes but is not limited to fabrication, assembly, handling, inspection, acceptance, testing, facility relocation, or introduction of a new manufacturer. Contractor shall notify TSS of any pending or contemplated future action to discontinue the Articles purchased pursuant to this Contract and shall allow TSS to submit a forecast of expected annual usage prior to Contractor finalizing its decision to discontinue the articles. Contractor shall provide TSS with a "Last Time Buy Notice" at least twelve months prior to the actual discontinuance. Contractor shall extend opportunities to TSS to place last time buys of such articles with deliveries not to exceed twelve months after the last time buy date.

1.5 SUPERSEDING SPECIFICATIONS

All references in any TSS or TSS customer specification incorporated herein to other TSS or TSS Customer specifications shall be deemed to include all specifications supplementary to or superseding the specifications so referenced, to the extent that such supplementary or superseding specifications are in effect at the date of Contractor's latest quotation, if the Contractor was furnished or otherwise notified of the existence of such supplementary or superseding specifications at the time of said quotation.

1.6 SCHEDULE

Deliveries shall be made both in quantities and at the time specified in the Contract or modification thereof and time is of the essence for any specified performance. The delivery dates on the Contract represent dates Articles are required at final destination, regardless of the FOB location. Contractor shall strictly adhere to this Contract's promise date(s), schedule delivery date(s), or completion schedule(s). Contractor shall not deliver Articles prior to these dates unless authorized in writing by TSS Procurement Representative. Articles delivered to TSS in advance of schedule without authorization may be returned at Contractor's expense and without any obligation to TSS. Deliveries will be made even in the event of a strike at either the Buyer's or Contractor's location, unless prior written consent is obtained from the other party, which shall not be unreasonably withheld. If the Contractor fails to deliver in accordance with the schedule, TSS will be entitled, at its sole discretion, to either request an equitable price reduction for late deliveries, or the right to terminate this Contract for default for late deliveries. Failure of the parties



to reach agreement on an equitable price reduction shall be a dispute under the “Disputes” clause (see 1.7). Contractor has a duty to continue performance under this Contract pending resolution of a dispute.

In the event of any anticipated or actual delay in the performance of this Contract, Contractor will promptly notify the TSS Procurement Representative in writing of the reasons for the actual/anticipated delay and the actions being taken to overcome or minimize the delay and will provide TSS with a written recovery schedule. If TSS requests, Contractor shall, at Contractor’s expense, ship via air or other expedited routing to avoid the delay or minimize it as much as possible.

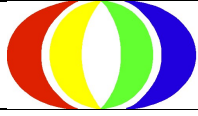
Contractor agrees to flow this provision down to its Subcontractors and notify TSS when there are anticipated or actual delays at its Subcontractors that could affect performance under this Contract. Notification shall not be construed to relieve Contractor of its obligation to comply with Contract delivery requirements.

TSS will have no liability for payment for Product or Articles delivered to TSS that are in excess of the quantity specified in the delivery schedules, unless such excess is agreed upon by TSS in writing by an authorized Procurement Representative.

1.7 DISPUTES

Dispute Resolution – This section governs any dispute disagreement, claim, or controversy between the parties arising out of or relating to this Contract or its breach (the “Disputed Matter”). All Disputed Matters shall be submitted to the following Dispute Resolution Procedure:

- (a) Internal Mediation – First the Disputed Matter shall be referred jointly to TSS’s and Contractor’s senior executives that may be mutually agreed upon by the parties from time to time. If such executives do not agree upon a decision within thirty (30) business days after referral of the Disputed Matter to them, the parties shall proceed to the next stage of the Dispute Resolution Procedure.
- (b) Outside Mediation – Either party may, upon written notice and within ten (10) business days after the conclusion of the Internal Mediation, elect to utilize a non-binding resolution procedure whereby each party presents its case at a hearing (the “Hearing”) before a panel consisting of a senior executive of each of the parties and a mutually acceptable neutral advisor. The Hearing will occur no more than ten (10) business days after a party serves written notice to use outside mediation, unless mutually extended by the parties. Each party may be represented by legal counsel at the Hearing. If the matter cannot be resolved at such hearing by senior executives, the neutral advisor may be asked to assist the senior executives in evaluating the strengths and weaknesses of each party’s position on the disposition of the Disputed Matter. Thereafter, the senior executives shall meet and try again to resolve the Disputed Matter. Each party shall bear its respective costs incurred in connection with the above procedure, except that they shall share equally the fees and expense of the neutral advisor and the costs of the facility for the Hearing. If the Disputed Matter cannot be resolved at such meeting, the parties may resort to litigation. In the event litigation is pursued, the prevailing party shall be entitled to recover its reasonable costs and expenses including, without limitation, its reasonable attorneys’ fees.
- (c) Continued Performance – Pending the resolution of the Disputed Matter, each party shall continue its performance to the extent that such performance is feasible, including but not limited to payment of all sums which are due or which become due during the Dispute Resolution process, provided said sums are not part of the Disputed Matter.



1.8 ON-SITE REPRESENTATION

The delivery of the Contract Products in strict accordance with the Contract requirements is of paramount importance. To assure attainment of this requirement, the parties agree that TSS may, at its option, assign representatives from TSS and/or TSS's customer's Engineering, Manufacturing, Quality Assurance, Procurement, or other specialties as necessary, as resident or itinerant representatives to be located at Contractor's plant. Contractor shall at no cost to TSS, provide adequate office space and equipment for these liaison personnel and provide for their safety while at its plant during the performance of this Contract.

The Contractor agrees that, when applicable, the Government Contracting Officer or his or her authorized representative (with the approval of TSS) may visit the Contractor's production facility where this Contract is to be performed, in whole or in part, to review progress, discuss problems/failures and witness testing pertaining to the requirements of this Contract.

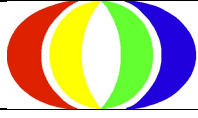
1.9 WAIVERS/APPROVALS

Failure of TSS to enforce at any time any of the provisions of this Contract, or any rights in respect thereto, or to exercise any election therein provided, shall in no way be considered to be a waiver or relinquishment of the right to thereafter enforce such provisions or rights or exercise any subsequent elections. Any and all of the rights and remedies conferred upon TSS under this Contract shall be cumulative and in addition to, and not in lieu of, the rights and remedies granted by law. If any provision of this Contract becomes void or unenforceable by law, the remaining shall remain valid and enforceable.

No waiver, alteration, or modification of any of the provisions of this Contract shall be binding on TSS unless evidenced by a written change or modification to this Contract signed by the cognizant TSS Procurement Representative. TSS's approval of Contractor's design or article shall not relieve Contractor of the warranties or any other requirements of this Contract. Waivers by TSS of any drawings or specification requirements for one or more articles shall not constitute a waiver of such requirements for the remaining articles unless so stated in writing by TSS. The provisions of this clause shall not limit or affect the rights of TSS acceptance.

1.10 TECHNICAL DIRECTION AND CONTRACTOR RESPONSIBILITIES

- (a) All communication between Contractor and TSS affecting the Contract Statement of Work (SOW) or Description of Supplies or Services to be furnished shall be through the cognizant TSS Procurement Representative. TSS technical personnel may provide written technical direction. However, technical direction and management surveillance shall not impose tasks and requirements upon the Contractor that are additional to or different from the general tasks and requirements established in the Contract. The Technical Direction, to be valid:
- (1) Must be issued in writing consistent with the general scope of the work as set forth in this Contract; and,
 - (2) Shall not commit TSS to any adjustment of the cost or other Contract provisions.
- (b) If any Technical Direction is interpreted by the Contractor to fall within the clause entitled "CONTRACT CHANGES (see 1.3)," the Contractor shall not implement such direction, but shall notify the cognizant TSS Procurement Representative in writing of such interpretation within ten (10) working days after Contractor receipt of such direction. Such notice shall (1) include the reason upon which the Contractor bases its belief that the Technical Direction falls within the purview of the "CONTRACT CHANGES" clause; and (2) include the Contractor's best estimate as to revision in estimated cost, fee, performance time, delivery schedules, and any other contractual provisions that would result from implementing the Technical Direction.



- (1) If, after reviewing the information presented pursuant to subparagraph (b) above, the TSS Procurement Representative is of the opinion that such direction is within the purview of the "CONTRACT CHANGES" clause and he/she considers such changes desirable, he/she will issue unilateral direction to proceed pursuant to the authority granted under the clause.
- (2) In the event the cognizant TSS Procurement Representative determines that it is necessary to avoid a delay in performance of the Contract, he/she may, in writing, direct the Contractor to proceed with the implementation of the Technical Direction pending receipt of the information to be submitted under paragraph (b) above. Should the cognizant TSS Procurement Representative later determine that Change direction is appropriate; the written direction issued hereunder shall constitute the required Change direction.
- (c) Any action taken by the Contractor in response to any direction which falls within the purview of the "CONTRACT CHANGES" clause given by any person other than the cognizant TSS Procurement Representative shall be at the Contractor's own risk.

1.11 ASSURANCE OF PERFORMANCE

This Contract imposes an obligation on each party that the other's expectation of receiving due performance will not be impaired. The Contractor will, by acceptance of this Contract, actively promote among its employees' improved productivity, quality enhancement and an awareness of the TSS program. The effectiveness and results of these programs may be subject to review at TSS's option.

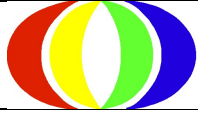
1.12 INDEMNIFICATION

Contractor agrees to indemnify and hold TSS, its officers, employees, agents, and representatives, harmless from any and all claims, fines, penalties, offsets, liabilities, judgments, losses, damages, costs and profit disallowed, or expenses, including reasonable attorneys' fees, for:

- (a) Property damage or personal injury including death, of whatever kind or nature arising out of, as a result of, or in connection with Contractor, its employees', agents', Subcontractors', and lower-tier Subcontractors' performance pursuant to this Contract;
- (b) Any liability which arises as the result of failure of Contractor or its lower-tier Subcontractors to comply with any law, regulation, or clause whose terms are part of this Contract;
- (c) Claims from any person and for whatever reason, including negligence, due to any first aid or ambulance services provided or not provided by TSS;
- (d) Liability from any actual or alleged patent, copyright, trademark, or trade secret infringement by reason of any manufacture, use, or sale of any articles delivered by Contractor under this Contract, or for any items manufactured from reports, drawings, blueprints, data, or technical information delivered by Contractor under this Contract.

1.13 TITLE TO DRAWINGS, SPECIFICATIONS, AND WORK PRODUCT

TSS and/or its customers shall at all times have title to all drawings and specifications (1) furnished by TSS to Contractor, and (2) shall have title to all drawings, specifications and work Product generated by Contractor under this Contract. Contractor agrees to use all drawings and specifications, either provided by TSS or generated by Contractor under this Contract, solely in connection with this Contract and shall not disclose such drawings and specifications to any person, firm, or corporation other than those employees of TSS and/or its customers, the Contractor, or approved Subcontractors that have a need to know. The Contractor shall, upon TSS's request or upon completion of this Contract, promptly return or deliver all drawings, specifications and work Product to TSS.



The Contractor hereby assigns and agrees to assign to TSS the Contractor's entire right, title and interest in and to (1) any and all drawings, specifications and work Product referred to above, (2) any and all applications for patent, domestic and foreign, that may be filed on said work Product, (3) any and all patents that may issue or be granted on such applications, and (4) any and all trademarks and copyrights in material related to said drawings, specifications and work Product. Contractor shall, upon request by TSS, immediately sign and deliver to TSS, without additional consideration, any and all documents necessary to perfect the assignments granted in this paragraph.

1.14 INTELLECTUAL PROPERTY

All technical work Product, including, but not limited to, ideas, information, data, documents, drawings, software, software documentation, designs, specifications, and processes produced by or for Contractor, either alone or with others, in the course of or as a result of any work performed by or for Contractor which is covered by this Contract using funds paid for by TSS under this Contract shall be the exclusive property of TSS and be delivered to TSS promptly upon request.

All inventions conceived, developed, or first produced by or for Contractor, either alone or with others, in the course of or as a result of any work performed by or for Contractor which is covered by this Contract using funds paid for by TSS under this Contract, and any patents based on any such inventions (both domestic and foreign), shall be the exclusive property of TSS. Contractor shall promptly disclose all such inventions to TSS in written detail, and execute all papers, cooperate with TSS, and perform all acts necessary or appropriate in connection with the filing, prosecution, maintenance, or assignment of related patents or patent applications to TSS.

All works of authorship, including, but not limited to, documents, drawings, software, software documentation, photographs, video tapes, sound recordings, and images, created by or for Contractor, either alone or with others, in the course of or as a result of any work performed by or for Contractor which is covered by this Contract using funds paid for by TSS under this Contract, together with all copyrights subsisting therein, shall be the sole property of TSS. To the extent permitted under United States copyright law, all such works shall be works made for hire, with the copyrights therein vesting in TSS. The copyrights of all other such works, including all of the exclusive rights therein, shall be promptly transferred and formally assigned free of charge to TSS.

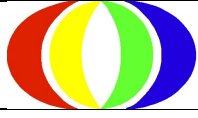
In the event of any inconsistency between this clause and any Government clause incorporated by reference into this Contract, the incorporated Government clause shall govern.

1.15 RIGHTS IN COMPUTER SOFTWARE

Contractor hereby assigns to TSS all rights, title and interest in computer software, including computer programs, data bases and documentation thereof, developed in the performance of this Contract, including the right to apply for and register copyrights and patents in the United States and any other country, the right to all extensions and renewals thereof, and unrestricted and complete rights of publication or reproduction, the right to use and license others to use said software, and the right to exclude others from reproducing said software. Contractor shall obtain from its Subcontractors all rights aforementioned necessary to fulfill the Contractor's obligation to TSS under this Contract. Contractor agrees to execute any and all documents TSS may require to perfect the above assignment.

1.16 CONFIDENTIAL OR PROPRIETARY INFORMATION AND PROPERTY

Contractor shall keep confidential and otherwise protect from disclosure all information and property obtained from TSS in connection with this Order and identified as confidential or proprietary. Unless otherwise expressly authorized herein or by TSS, Contractor shall use such information and property, and the features thereof, only in the performance and for the purpose of this Order. Upon TSS's request, and in any event upon the completion, termination, or cancellation of this Order, Contractor shall return all



such information and property to TSS or make such other disposition thereof as is directed by TSS. Contractor shall not sell or dispose of any scrap or any completed or partially completed or defective proprietary property before receiving written authorization from TSS and before rendering such property unsuitable for use. In all subcontracts and purchase orders issued by Contractor and involving Subcontractor receipt of such information or property, Contractor shall flow down to its Subcontractors these requirements in order to provide to TSS the same rights and protection as contained in this clause.

1.17 RELEASE OF INFORMATION

The Contractor shall not, without the prior written consent of TSS, release any information of any part of the subject matter of this Order. This includes but is not limited to advertisements, brochures, news releases (including photographs, films, public announcements, or denial or confirmation of the same, or interviews with news media representatives), and the like. Contractor shall not, at any time during or subsequent to performance of this Contract, disclose to others the terms of this Contract or any other information, knowledge, or data, including business, technical, financial, or information that are of a proprietary or trade secret nature, that Contractor may receive from TSS during the course of this Contract. This provision shall apply equally to Subcontracts and Contractor shall include the substance of this provision, including this sentence, in all of its subcontracts. Nothing in the foregoing clause shall affect compliance with U.S. Government security requirements.

1.18 ENVIRONMENTAL, OCCUPATIONAL, HEALTH, AND SAFETY PROTECTION LAWS

The Contractor hereby warrants to TSS that (1) all Articles and/or Products supplied or to be supplied to TSS hereunder, and (2) all manufacturing and producing phases used by the Contractor in the production and/or assembly of the Articles and/or services rendered and/or to be delivered to TSS hereunder are in compliance with all local, state, and federal environmental protection and occupational, health, and safety laws. Contractor agrees, at its expense, to repair, modify, or replace any articles not in compliance with OSHA standards, and to hold harmless and indemnify TSS and its Customers from any liability and expense (including attorneys' fees) by reason of property damage or personal injury (including death) occasioned in whole or in part from a violation of OSHA standards. No approval of the Contractor's facilities and/or production methods by TSS shall in any way nullify or modify the compliance obligations of the Contractor with all local, state and federal environmental protection and occupational health and safety laws. The Contractor also warrants that it will accurately label consistent with the requirements of 40 CFR Part 82 "Protection of Stratospheric Ozone; Labeling."

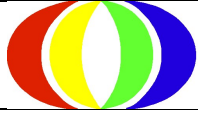
1.19 ELIMINATION OF OZONE-DEPLETING SUBSTANCES

In accordance with Public Law 102-484, this Contract or related subcontracts shall not use or contain any specification or requirement that can only be met by, or require the use of, a Class I ozone-depleting substance unless such use is specifically authorized in writing by TSS.

1.20 HAZARDOUS MATERIAL IDENTIFICATION AND MATERIAL SAFETY DATA

Prior to shipment of any hazardous material or chemical (as determined by OSHA regulation at 29 CFR Section 1910.1200[d] or Federal Standard No. 313) onto TSS property or work sites, Contractor shall provide to TSS one copy of OSHA Form 20 or 174, Material Safety Data Sheet or equivalent, for each such material or chemical. The form shall include the TSS stock number or the material specification number as defined in this Contract and all of the information required by 29 CFR Section 1910.1200 (g).

The packaging, labeling, handling, and shipping of all hazardous items must conform with all current federal, state, and local laws and regulations, including carrier regulations. In addition to application of proper shipping labels on the outside container, each container of hazardous items shall be marked with the appropriate precautionary label according to the Code of Federal Regulations. Any failure to comply



with the above submission requirement shall be grounds for withholding payments due the Contractor hereunder.

1.21 INSPECTION AND TITLE PASSAGE

Contractor shall provide and maintain an inspection system in accordance with sound business practices and as otherwise provided in this Contract. Records of all inspection work by Contractor shall be kept complete and available to TSS during the performance of this Contract and for six (6) years after final payment, and in such manner as may be specified elsewhere in this Contract. Final inspection and acceptance of items delivered hereunder shall be made after delivery at the TSS designated point, notwithstanding any prior payment or inspection. In the event the Products and/or work are subsequently rejected by TSS for reasons other than loss or damage caused in transit, title will be delivered from TSS or the Customer and will revert immediately to the Contractor.

During performance of this Contract, the Contractor's quality control or inspection system and manufacturing processes are subject to review, verification, and analysis by authorized TSS or TSS customer representatives. Contractor shall inform TSS when the work is ready for inspection.

1.22 ACCEPTANCE

TSS will accept articles or give Contractor notice of rejection within a reasonable time, notwithstanding any payment or prior test or inspection. No inspection, test, delay or failure to inspect or test, or failure to discover any defect or other nonconformance shall relieve Contractor of any obligations under this Contract or impair any rights or remedies of TSS or its customer.

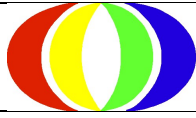
In case any Article or lot of Articles is defective in material or workmanship, or otherwise not in strict conformance with the requirements of this Contract, TSS has the right either to reject it, require its correction, or accept it with an equitable adjustment in price or other consideration. TSS acceptance of a nonconforming article does not release Contractor from its warranty or latent defect obligations. Any article that has been rejected or requires correction shall be replaced or corrected by, and at the expense of Contractor, including transportation charges, promptly after notice. If, after notice by TSS, Contractor fails to promptly replace or correct any defective article within the contractual delivery schedule, TSS may:

- (a) By contract or otherwise, replace or correct such article and charge to Contractor the cost occasioned by TSS;
- (b) Without further notice terminate this Contract in accordance with the Termination for Default clauses established herein;
- (c) Require a reduction in price that is equitable under the circumstances.

1.23 PACKING, MARKING, SHIPPING, AND DELIVERY

All articles shall be packed, marked, and shipped in accordance with the requirements specified in the Purchase Order. If no specific instructions are provided, utilize good commercial practices to ensure protection in shipment and storage and compliance with applicable country, federal, state, and local laws and regulations. Any expense incurred by TSS as a result of improper preservation, packaging, packing, marking, or method of shipment shall be reimbursed by Contractor. No separate or additional charge is payable by TSS for containers, crating, boxing, bundling, dunnage, drayage, or storage unless specifically stated in the Contract. Contractor shall forward to TSS, with invoice, the express receipt of bill of lading; signed by the carrier evidencing the fact that shipment was made.

If delivery is FOB origin, Contractor is to strictly adhere to TSS's routing instructions delineated on the Order. Any losses or additional expenses incurred by TSS that result from deviations from TSS's routing



shall be charged to the Contractor. Contractor will contact the TSS Procurement Representative with questions regarding routing instructions.

Contractor shall strictly comply with the delivery requirements of this Contract. In the event of Contractor's failure to so comply with the delivery requirements, TSS may, in addition to all other remedies, require Contractor, at Contractor's expense, to ship articles via air freight or expedited routing to avoid or minimize delay.

1.24 PAYMENT TERMS

Unless expressly specified otherwise on the face of the Order, terms of payment shall be net thirty (30) days from Buyer's receipt of Seller's invoice.

1.25 WARRANTY

In addition to all other warranties expressed or implied in law, the Contractor warrants that the items delivered hereunder will conform to all applicable specifications, drawings, samples, symbols or other descriptions furnished by TSS and will be merchantable, of good material and workmanship and free from defects. In case any such item shall be defective or otherwise not in conformity herewith, Contractor shall, at TSS's option and in addition to all other remedies of TSS, either credit TSS for any such nonconformity or defects or, at Contractor's expense, replace, repair, or correct any such article. Contractor agrees to make all corrections to the satisfaction of TSS and/or TSS's customer. Should TSS's customer require acceptance of items not conforming to all specifications or other description, payment will be made at an equitable reduction in price. This warranty shall survive acceptance and run to TSS, its successors, assigns, customers, and users of its Products.

1.26 INVOICES AND PAYMENT

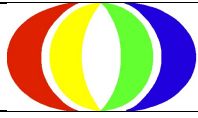
Unless the Order specifies otherwise, prices shall not include any sales or use taxes for which TSS provided an exemption.

Contractor shall prepare at time of each Product delivery a separate original invoice for each delivery of Product and shall deliver its invoice to the address specified on the Order. The invoice shall include, at a minimum, the Order number, Order line item, Product description (including serial numbers, if required). Contractor shall be paid the prices stipulated in the Order for Products delivered, less applicable deductions, if any. Buyer will take any offered discounts on the full amount of the invoice unless Freight or other charges are itemized. Payment due date, including prompt payment discounts, shall be based on the date Articles are received or services completed, or the date a correct invoice is received, whichever is later. For purposes of earning the discount, payment is deemed made on the date of mailing TSS's check.

1.27 INSURANCE – WORK ON TSS PREMISES

In the event the Contractor, its agents, and/or employees are required to perform this Contract or any part thereof on the premises of TSS, or any premises under TSS's control or responsibility, the Contractor shall be required to provide insurance coverage as follows:

- Worker's Compensation Insurance or qualification as a self-insurer to satisfy the laws of the state in which the work is being performed. Contractor's Worker's Compensation Insurer or Contractor, if self-insured, agrees to waive rights of subrogation against TSS except for claims caused solely by TSS's negligence.
- Employer's Liability Insurance for Bodily Injury per accident with limits of not less than \$1,000,000 and Bodily Injury by Disease with limits of not less than \$1,000,000 per occurrence.



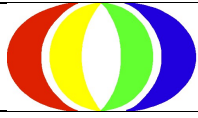
- Comprehensive General Liability – \$2,000,000 combined single limit any one occurrence and shall include the following coverage providing coverage for bodily injury and property damage:
 - (1) Owner’s and Contractor’s Protective - required when Subcontractors are involved,
 - (2) Contractual Liability Insurance for assumed liabilities specifically covering the Contract with TSS, and
 - (3) Products, complete operations coverage.
- Comprehensive Automobile Liability Insurance - \$1,000,000 combined single limit per occurrence for personal injury and property damage.
- UMBRELLA LIABILITY: Providing limits which, in addition to the primary limits described in subparagraphs (1) and (2) above, shall total, for each such coverage respectively, a minimum of five million dollars (\$5,000,000) per occurrence and five million dollars (\$5,000,000) annual aggregate. This coverage may be subject to a retained limit of one hundred thousand dollars (\$100,000) per occurrence for those losses it covers which are not covered by the policies obtained in accordance with subparagraphs (2) and (3) above. The above policy(ies) shall include TSS as an additional insured with respect to any claims arising out of, resulting from, or in consequence of the performance of work under this contract.
- Such other insurance as will furnish reasonable protection against claims which may arise from operations under this Contract, whether such operations be by the Contractor or others whose services are engaged by the Contractor or anyone directly or indirectly employed by either.

TSS, TSS joint ventures and subsidiary companies will be named as an additional insured with full waiver of subrogation. These insurance coverages of Contractor will be primary to all coverages of TSS, TSS joint ventures and subsidiary companies. The policy or policies will be endorsed to contain a cross-liability endorsement. Worker’s Compensation is excluded from these requirements with the exception that full waiver of subrogation will be required under Worker’s Compensation Insurance. Certificates of such insurance shall be filed with TSS and shall be subject to the approval of TSS before work is commenced under this Contract. Provision shall be made for thirty (30) days advance written notice, by mail to TSS, of changes in or cancellation of any such insurance. If a self-insurer, the Contractor will be required to furnish evidence that it has been qualified by the appropriate State Insurance Department in place of furnishing a Certificate of Insurance. Failure on the part of the Contractor to furnish this Certificate of Insurance prior to the commencement of work or failure to continue to maintain such insurance during the performance of this Contract shall be cause for the Contractor to be declared in default under this Contract.

1.28 SAFETY AND ACCIDENT PREVENTION

In performing any work under this Contract on premises which are under the direct control of TSS, the Contractor shall (1) conform to all safety rules and requirements set forth in the laws of the State(s) where this Contract is being performed which are in effect on the date of this Contract, and which are incorporated herein by reference, and (2) take such additional precautions as TSS may reasonably require for safety and accident prevention purposes, including safety training when specified in the Request for Proposal or Contract. The Contractor agrees to take all reasonable steps and precautions to prevent accidents and preserve the life and health of Contractor and TSS or TSS customer personnel performing or in any way coming in contact with the performance of this Contract on such premises. Any violation of such rules and requirements, unless promptly corrected as directed by TSS, shall be grounds for termination of this Contract in accordance with the default provisions hereof.

Contractor delivery personnel may not bring firearms, matches or lighters, cameras, alcohol, illegal drugs, or unauthorized passengers into TSS secured areas or premises. If deliveries are to be made to other than



the receiving dock, delivery personnel may be required to obtain an TSS Visitor badge at the main lobby and may also require an TSS escort.

1.29 HOLD HARMLESS – WORK ON TSS PREMISES

In the event the Contractor, its agents, and/or employees are required to perform this Contract or any part thereof on TSS premises or any premises under TSS’s control or responsibility, the Contractor agrees to save harmless and defend TSS from and against any and all claims, demands, actions, debts, liabilities, judgments, costs, and attorney’s fees arising out of claims on account of, or in any manner predicated upon loss of, or damage to the property of, the injuries to, or the death of, any or all persons whatsoever, in any manner caused or contributed to by the Contractor, its agents or employees while in, upon, or about TSS’s premises, and to indemnify and save TSS harmless, from and on account of damages of any kind which TSS may suffer as a result of the acts of any of the Contractor’s agents or employees in or about the area involved. TSS reserves the right to participate in the defense of any such claims, demands, and actions.

1.30 HAZARDOUS WASTE DISPOSAL

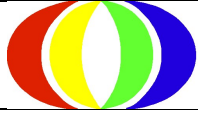
Contractor shall use reasonable effort to reduce generation and discharge of waste to avoid subsequent handling and disposal. Hazardous waste generated on TSS property in the performance of this Contract will be accepted by TSS who will arrange for and pay for disposal, unless otherwise provided for in this Contract. The hazardous waste is to be correctly identified and delivered to defined sites during regular business hours. The Contractor is expressly prohibited to take any hazardous waste off of TSS property without specific written direction. Nothing contained in this clause shall relieve the Contractor from complying with applicable Federal, State, and local laws, codes, ordinances, and regulations in connection with hazardous material/hazardous waste.

1.31 ILLEGAL DRUGS OR ALCOHOL

TSS and any of its contractors shall comply with the Drug Free Workplace Act of 1986. Accordingly, Contractor agrees to advise its employees and the employees of its Subcontractors and agents that: (1) it is the policy of TSS that the use, possession, sale, transfer, or purchase of illegal or unauthorized prescription drugs or alcohol on TSS property is prohibited; (2) entry onto TSS property constitutes consent to an inspection of the person and the person’s personal effects, including testing for illegal or unauthorized prescription drugs or alcohol when entering, on, or leaving TSS property; and (3) any person who is found in violation of the policy, or who refuses to permit or submit to an inspection or test may be removed and barred from TSS property at the discretion of TSS. Contractor employees must be certified as drug-free and will be subject to post-incident, reasonable-suspicion, and, at some TSS locations, random screening tests.

1.32 SECURITY

The Contractor is responsible to assure that Contractor’s employees entering TSS facilities are properly badged and made aware of the posted and other applicable security requirements. Contractor shall require that each of its employees engaged in work on premises owned, occupied, or under the control of TSS display such identification as may be approved and directed by TSS. The Contractor is responsible for the immediate return of all badges at the completion or termination of this Contract as well as the immediate return of badges from those Contractor employees who complete activities at TSS during the course of this Contract. In addition, the Contractor is required to notify TSS’s cognizant Procurement Representative of the specific details when one of its TSS badged employees is terminated for cause, an TSS badge is lost, or if in any manner or degree a problem develops in the course of compliance with security requirements. In order to be badged, contractor’s employees must be able to demonstrate they



are capable of reading and understanding English. Exceptions for work performed in non-explosive areas can be made with prior approval by TSS Purchasing, Safety, and Security departments.

1.33 SAFETY REPORTING

Any accident, incident, or exposure resulting in a fatality, lost time occupational injury, occupational disease, contamination, or damage of property which may affect the performance of this Contract shall be reported immediately to the cognizant TSS Procurement Representative and the TSS Safety Office if Contract performance is on TSS premises.

1.34 ASSIGNMENT AND SUBCONTRACTING

Neither this Order, nor the rights, duties or interests therein, may be delegated, assigned, or otherwise transferred in whole or in part by either party without the prior written consent of the other party, which shall not be unreasonably withheld. None of the articles to be delivered under this Contract shall be acquired by Contractor from a Subcontractor or third party in completed or substantially completed form without the prior written consent of TSS. However, either party shall have the right to assign this Order without prior consent if such assignment is to a successor of the assigning party by way of merger, consolidation, or acquisition of all the business and assets of the assigning party. In the event that an assignment without consent is made consistent with this paragraph, the successor shall expressly assume all of the obligations and liabilities of the assigning party under this Order and the assigning party shall remain liable and responsible to the other party hereto for the performance and observance of all such obligations. The Contractor bears the cost of any costs or fees including, but not limited to, implementation, integration, or start up fees as a result of the assignment of this Contract by Contractor.

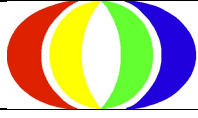
1.35 FINANCIAL RESPONSIBILITY

Contractor shall, prior to commencing work under this Contract, furnish such financial data and related information as may be required by TSS to permit a determination of financial capability and financial responsibility under this Contract. Contractor shall, at no increase in Contract price, promptly submit interim financial data as may be requested by TSS to determine continuing financial capability and responsibility during the progress of work under this Contract.

If Contractor's financial capability and responsibility are determined by TSS to be such as may jeopardize performance hereunder, TSS shall have the right to request, and Contractor shall promptly deliver at no increase in contract price, a complete and current manufacturing data package sufficient to enable TSS to complete or have completed the work hereunder. Upon such request by TSS, Contractor thereby grants to TSS a non-exclusive royalty-free license and rights under such data and patents, if furnished hereunder. TSS agrees that, so long as Contractor is not in default, TSS will not use the drawings for such manufacture. Upon completion and acceptance by TSS of the work required to be performed hereunder, TSS shall return to Contractor such manufacturing data package.

1.36 BANKRUPTCY

In the event of the appointment of a trustee, receiver, or liquidator for all or a portion of Contractor's property, or for any act or petition in bankruptcy, whether voluntary or involuntary, as defined in the Bankruptcy Reform Act of 1978, Title 11, United States Code, as amended, TSS may terminate for convenience or default the right of Contractor to proceed with the further performance of this Contract without further obligation, except that TSS shall be obliged to pay for any article accepted prior to any of the foregoing occurrences at the prices specified in the Contract.



1.37 LIENS

Contractor agrees that no liens or property rights of any kind shall lie or attach upon or against the Contract Products, or any part thereof, for or on account of any work performed, provided, or service furnished by Contractor pursuant to this Contract. If any lien or encumbrance is asserted against these products/services, or any part thereof, TSS shall have the right to discharge the same by filing a bond or security, or in its discretion, by paying the amount of such claim, and in such event, TSS shall have the right to deduct from the contract price the amount thus paid. If the contract price has been paid, Contractor shall repay to TSS, upon demand, the amount thus paid by TSS for the purpose of discharging such claim, plus all administrative and legal expenses incurred by TSS in this connection.

1.38 APPLICABLE LAWS

Irrespective of the place of performance, this Contract shall be governed by and construed according to the laws of the State of Minnesota, except that when Federal law of Government contracts exists on substantive matters requiring construction under the Contract, such Federal law shall apply in lieu of state law. Contractor will comply with all applicable Federal, State, and Local laws in the performance of this Contract.

1.39 FEDERAL LABOR LAWS

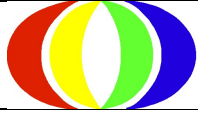
In the production and/or delivery of the Articles under this Contract, the Contractor shall comply with all applicable requirements of Federal, State and Local labor and employment laws, and any applicable regulations or orders issued there under. This includes compliance with Form I-9 requirements use of E-Verify, where required. For any individual that Contractor assigns to perform under this Contract, Contractor has the responsibility to pay wages, provide benefits, and withhold for employment-related taxes and workers' compensation and unemployment insurance under state and/or federal laws. The Contractor will hold TSS harmless and indemnify TSS from any and all expenses of whatever nature associated with or caused by the Contractor's non-compliance with such laws and regulations.

1.40 RECORDS

Unless a different period is set forth elsewhere in this Contract, Contractor shall retain all pertinent books, documents, papers, and records involving transactions related to this Contract for a period of six (6) years after final payment on this Contract. At the conclusion of this time period, Contractor shall make written request to TSS, addressed to the cognizant Procurement Representative, for permission to (1) destroy such records; or (2) package and ship same to TSS; or (3) maintain said records at Contractor's facilities; or (4) any combination of the above.

1.41 SUSPENSION OF WORK

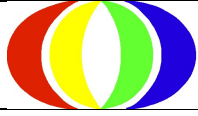
- (a) TSS's Purchasing Representative may, by written order, suspend all or part of the work to be performed under this Contract for a period of up to six (6) months. Within such period of any suspension of work, TSS's Purchasing Representative shall, in writing:
 - (1) Cancel the order suspending work, or
 - (2) Terminate this Contract in accordance with clause 1.42 Termination for Convenience, or clause 1.43 Termination for Default, or
 - (3) Extend the stop work period.
- (b) Upon receipt of such an order, Contractor shall immediately comply with its terms and take all reasonable steps to mitigate its damages, including but not limited to stand-by costs, allocable to the work covered by the order during the work stoppage.



- (c) Contractor shall resume work whenever a suspension is canceled, or the stop work period or its extension expires.
- (d) TSS and the Contractor shall negotiate an equitable adjustment in Contract price or schedule or both, if:
 - (1) This Contract is not terminated,
 - (2) The suspension results in a change in Contractor's cost of performance or ability to meet Contract delivery schedule, and
 - (3) Contractor submits a claim for adjustment within thirty (30) calendar days after the suspension is canceled.

1.42 TERMINATION FOR CONVENIENCE

- (a) TSS will terminate performance of work under this Contract in whole or, from time to time, in part when it is in TSS's best interest to do so. TSS shall terminate by issuing to the Contractor a written Notice of Termination specifying the extent of termination and the effective date.
- (b) After receipt of a Notice of Termination, and except as directed by TSS, the Contractor shall immediately proceed with the following obligations:
 - (1) Stop work as specified in the Notice of Termination.
 - (2) Place no further subcontracts or orders except as necessary to complete the continued portion of this Contract.
 - (3) Terminate all subcontracts to the extent they relate to the work terminated.
 - (4) Complete performance of the work not terminated.
 - (5) As directed by TSS, transfer title and deliver to TSS:
 - (i) The fabricated or non-fabricated parts, work in process, completed work, Articles, and other material produced or acquired for the work terminated, and
 - (ii) (ii) The completed or partially completed plans, drawings, information, and property that, if the Contract had been completed, would be required to be furnished to TSS.
 - (6) Comply with the instructions by TSS in the Notice of Termination and any subsequent written instructions.
- (c) After termination, Contractor shall submit a final termination settlement proposal for equitable adjustment to TSS in the form and with the certifications prescribed by TSS. Contractor shall submit the proposal promptly, but no later than ninety (90) calendar days after the dated of the Notice of Termination, unless extended in writing by the TSS Procurement Representative upon written request of the Contractor within the 90-day period. If TSS determines that the circumstances justify it, a termination settlement proposal may be received and acted on after the 90 days or any extension. If the Contractor fails to submit the proposal within the time allowed, TSS may determine, on the basis of information available, the amount, if any, due the Contractor because of the termination and shall pay the amount determined. Such determination shall be conclusive.
- (d) Subject to paragraph (c) of this clause, the Contractor and TSS may agree upon the whole or any part of the amount to be paid or remaining to be paid because of the termination. The amount may include a reasonable allowance for profit on work completed; however, the agreed amount may not exceed the total Contract price as reduced by (1) The amount of payments previously

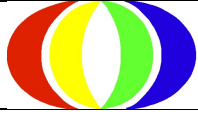


made and (2) The Contract price of work not terminated. The Contract shall be modified and the Contractor paid the agreed amount.

- (e) If the termination is partial, the Contractor may submit a proposal for an equitable adjustment of the price(s) of the continued portion of the contract.
- (f) If the Contractor and TSS fail to agree on the entire amount to be paid because of the termination of work, TSS shall pay the Contractor the amount determined by TSS to be due the Contractor. Failure of the parties to reach agreement shall be a dispute under clause 1.7 DISPUTES. A dispute shall not excuse continued performance on the non-terminated portion of this Contract.
- (g) When applicable, FAR 52.249-2 Termination for Convenience of the Government (Fixed-Price) or FAR 52.249-6 Termination (Cost-Reimbursement) take precedence over this clause

1.43 TERMINATION FOR DEFAULT

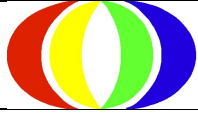
- (a) TSS will, subject to paragraphs (d) and (e) of this clause, by written notice of default to the Contractor, terminate this Contract in whole or in part if the Contractor fails to:
 - (1) Deliver the Articles or to perform the services within the time specified in this Contract or any extension,
 - (2) Make progress, so as to endanger performance of this Contract [but see paragraph (b) of this clause].
 - (3) Perform any of the other provisions of this Contract.
- (b) After receipt of a cure notice, the contractor has 10 days to correct any deficiencies, if the Contractor does not cure state deficiencies/failures within 10 days, TSS has the right to terminate this Contract under paragraphs (a) (2) and (a) (3) of this clause.
- (c) If TSS terminates this Contract in whole or in part, it may acquire, under the terms and in the manner TSS considers appropriate, articles or services similar to those terminated, and the Contractor will be liable to TSS for any excess costs of those articles or services. However, the Contractor shall continue the work not terminated.
- (d) Except for defaults of Subcontractors at any tier, the Contractor shall not be liable for any excess costs if the failure to perform the Contract arises from causes beyond the control and without the fault or negligence of the Contractor. Examples of such causes include (1) acts of God or of the public enemy, (2) acts of the Federal Government in either its sovereign or contractual capacity, (3) fires, (4) floods, (5) epidemics, (6) quarantine restrictions, (7) strikes, (8) freight embargoes, and (9) unusually severe weather. In each instance the failure to perform must be beyond the control and without the fault or negligence of the Contractor.
- (e) If the failure to perform is caused by the default of a Subcontractor at any tier, and if the cause of the default is beyond the control of both the Contractor and Subcontractor, and without the fault or negligence of either, the Contractor shall not be liable for any excess
- (f) costs for failure to perform, unless the subcontracted articles or services were obtainable from other sources in sufficient time for the Contractor to meet the required delivery schedule.
- (g) If this Contract is terminated for default, TSS may require the Contractor to transfer title and deliver to TSS, as directed by TSS, any (1) completed articles, and (2) partially completed articles that the Contractor has specifically produced or acquired for the terminated portion of this Contract. Upon direction of TSS, the Contractor shall also protect and preserve property in its possession in which TSS has an interest.



- (h) TSS will pay Contract price for completed articles delivered and accepted. Contractor and TSS shall agree on the amount of payment for articles delivered and accepted and for the protection and preservation of the property. Failure to agree will be a dispute under clause 1.7 DISPUTES. TSS may withhold from these amounts any sum TSS determines to be necessary to protect TSS against loss because of outstanding liens or claims of former lien holders.
- (i) If, after termination, it is determined that the Contractor was not in default, or that the default was excusable, the rights and obligations of the parties shall be the same as if the termination had been issued for the convenience of TSS.
- (j) Contractor agrees that any assistance given them by TSS on this Contract or any acceptance of delinquent or nonconforming items will be solely for the purpose of mitigating damages. It is not the intention of TSS to condone any delinquency, waive any defect, or waive any rights TSS has under this Contract.
- (k) The rights and remedies of TSS in this clause are in addition to any other rights and remedies provided by law or under this contract.
- (l) When applicable, FAR 52.249-6 Termination (Cost-Reimbursement) and FAR 52.249-8 Default (Fixed-Price Supply and Service) take precedence over this clause.

1.44 TSS OR CUSTOMER OWNED PROPERTY

- (a) TSS will furnish to Contractor, at the time(s) and location(s) stated in the Order or Contract, any TSS/Customer furnished property described in the Order or Contract. Unless specifically stated elsewhere in the Contract, all property furnished shall be "as is". If that property, suitable for its intended use, is not delivered to the Contractor, TSS shall equitably adjust the affected provisions of the Order or Contract in accordance with clause 1.3 CHANGES when:
 - (1) Contractor submits a timely written request for an equitable adjustment, and
 - (2) The facts warrant an equitable adjustment.
- (b) Title to TSS-furnished property shall remain with TSS. Contractor shall use the TSS/Customer furnished property only in connection with the Order or Contract. In the event that any change will require another use or in addition to that previously indicated, the Contractor will immediately inform TSS in writing.
- (c) Upon delivery of TSS or Customer furnished property to Contractor or the acquisition of property under the Order or Contract, Contractor shall receive, use, manage, maintain, repair, protect, preserve, report, redistribute, and dispose of the property in accordance with the following requirements. Contractor assumes the risk and responsibility for its loss or damage, except:
 - (1) For reasonable wear and tear;
 - (2) To the extent property is consumed in performing the Order or Contract; or
 - (3) As otherwise provided for by the provisions of the Order or Contract.
- (d) Any modifications to TSS/Customer owned property (i.e. tooling, special test equipment, and plant equipment) require prior written authorization from TSS.
- (e) Contractor shall maintain adequate property control records in accordance with sound industrial practice and shall make such records available for TSS inspections at all reasonable times. TSS and all its designees shall have access at all reasonable times to the premises in which any TSS property is located, for the purpose of inspecting the TSS property or performing on-site reviews of Contractor's property management practices.



- (f) Annually, any Contractor possessing TSS/Customer property accountable to TSS will be required to provide a report of physical inventory results.
- (g) Contractor shall promptly notify the TSS Procurement Representative if TSS/Customer furnished property is lost, damaged, or destroyed.
- (h) Upon completing this Contract, Contractor shall follow the instructions of TSS regarding the disposition of TSS/Customer furnished property not consumed in performing this Contract or previously delivered to TSS.

1.45 EXPORT COMPLIANCE

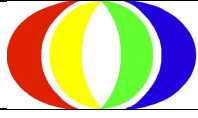
Contractor represents and warrants that it shall comply with all U.S. export and import laws and regulations. Further, by acceptance of an Order, Contractor certifies that they are registered in accordance with the U.S. Department of State as required by the International Traffic in Arms Regulations (“ITAR”) (22 C.F.R. Parts 120-130), if required. Any commodities, technical data and/or services provided by the Buyer to the Contractor in connection with an Order (hereinafter referred to as “Items Provided by the Buyer”), as well as any commodities, technical data and/or services developed or produced there from by the Contractor (hereinafter referred to as “Items Produced by the Contractor for the Buyer”), may be subject to the requirements of the ITAR, 22 C.F.R. Part 120, et seq., the Export Administration Regulations (EAR), 15 C.F.R. Part 730, et seq., and/or DOD Directive 5230.25, withholding of Unclassified Technical Data from Public Disclosure (DOD Directive). The Contractor represents and warrants that neither the drawings, technical data, specifications, and all other documents and information provided by Buyer, nor the Articles, Goods or Services provided by Contractor for Buyer under the terms of this Purchase Order, will be exported, transferred or disclosed outside the United States or to any foreign person, as defined under ITAR and the EAR, unless any necessary United States Government export license or other authorization has been obtained.

The Contractor shall obtain the written consent of the Buyer prior to exporting, transferring or disclosing any Items Provided by the Buyer or Items Produced by the Contractor for the Buyer outside the United States or to any foreign person, including foreign persons, employed or associated with, or under contract to Contractor or its suppliers, and also shall obtain the written consent of the Buyer prior to submitting any application for a license or other authorization under ITAR and/or EAR. Further, the Contractor shall obtain written approval from the TSS Procurement Representative prior to providing any TSS or TSS customer technical or ITAR-controlled data to any personnel or entities that are non-U.S. person or assigning any non-U.S. person to work on any TSS or TSS customer Order or Contract. A U.S. Person is someone who is currently a (1) U.S. citizen, (2) lawful permanent resident of the United States, or (3) those foreign nationals who have been granted refugee or asylum status. The Contractor shall indemnify and hold TSS harmless for all claims, demands, damages, costs, fines, penalties, attorneys’ fees, and all other expenses arising from Contractor’s failure to comply with this clause, Statutes or Regulations.

For Export compliance purposes, the Contractor shall obtain written approval from the TSS Procurement Representative prior to providing any TSS or TSS customer technical data to any personnel or entities that are non-U.S. persons (as defined in the ITAR) or assigning any non-U.S. person to work on any TSS or TSS customer Order or Contract.

1.46 EEO AND AFFIRMATIVE ACTION OBLIGATIONS

TSS is an equal opportunity and affirmative action employer. Contractor shares TSS’s commitment to diversity and equal employment and will assign personnel to perform hereunder without regard to race, color, creed, religion, sex, national origin, disability, age, status as a covered veteran, or any other legally protected characteristic. Contractor and its subcontractors are notified that they may be subject to the



provisions of 41 CFR Section 60-1.40, 41 CFR Section 60-250.4, and 41 CFR Section 60-741.4 with respect to affirmative action program requirements.

1.47 RELATIONSHIP OF PARTIES

The parties understand and acknowledge that Contractor shall perform under this Contract as TSS’s independent contractor and that this Contract does not create a joint venture, partnership, employment, or agency relationship between Contractor and TSS. Contractor is solely responsible for any and all taxes (employment or otherwise) and insurance liability arising under this Contract. Neither TSS nor Contractor (or their respective employees or agents) may, in the name or upon the credit of the other party, (a) purchase goods or equipment, or (b) incur debts, liabilities, obligations, or contracts of whatsoever kind.

1.48 ADDITIONAL FLOW-DOWN CLAUSES

In the event that any clause which is not already incorporated herein is required to be included in this Contract by law, regulation, the Prime Contract, or higher-tier Subcontract, or in the event that TSS’s Prime Contract or higher-tier Subcontract is modified subsequent to the effective date of this Contract so as to modify or add any additional such clause or requirement, Contractor agrees to enter into a modification of this Contract to insert the clause or any such clause or requirements. If any such additional clause or requirement causes an increase or decrease in the cost of, or the time required for the performance of, any part of the work under this Contract, an equitable adjustment shall be made in the Contract price or delivery schedule, or both, pursuant to clause 1.3 CONTRACT CHANGES.

1.49 LIMITATION OF LIABILITY

In no event shall the Buyer be liable for indirect, special, consequential, multiple or punitive damages, or any damages deemed to be of an indirect or consequential nature arising out of or related to its performance under the contract, whether based upon breach of contract, warranty, negligence and whether grounded in tort, contract, civil law or other theories of liability, including strict liability. To the extent that this limitation of liability conflicts with any other provision(s) of this contract, said provision(s) shall be regarded as amended to whatever extent required to make such provision(s) consistent with this provision. In no event shall the total cumulative liability of Buyer whether in contract, warranty, tort (including negligence of strict liability) or otherwise for the performance or breach of the contract or anything done in connection therewith exceed the agreement price. Notwithstanding anything else in the agreement to the contrary, the stated monetary limitation hereinabove is the maximum liability Buyer has to the seller.

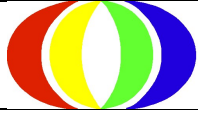
1.50 RIGHT TO ACCESS

Buyer and Buyer’s Customer shall have the right of access, on a non-interference basis, to any area of Seller’s or Seller’s supply chain sub-tier premises where any part of the of the work being performed. Seller shall follow this requirement down to its sub-tier supply chain suppliers as a condition of this Agreement. Seller shall, without additional cost to the Buyer, provide all reasonable in-plant accommodations, facilities, and assistance for the safety and convenience of the Buyer and the Buyer’s representatives in the performance of their duties.

1.51 EMPLOYEE AWARENESS

The Seller shall ensure that persons are aware of their contribution to product or service conformity, their contribution to product safety and the importance of ethical behavior.

1.52 ANTI-HUMAN TRAFFICKING/MODERN SLAVERY ACT



TRUSTED
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General Terms and Conditions

CAGE: 4LZE5

Rev. C

Supplier represents and warrants that neither Supplier, nor any of its agents or subcontractors, has committed a violation of any applicable statute aimed at mitigating or preventing Human Trafficking, including but not limited to, the United States Federal Regulation (FAR) 52.222.50.