

TEAMING AGREEMENT

This teaming agreement (this “Agreement”), by and between COMPANY, Inc. (hereinafter “INC”) and SETECS, Inc. (hereinafter “SETECS”) (each, a “Party” and collectively, the “Parties”), is effective as of the date this Agreement is fully executed by the Parties and concerns the cooperation of the Parties in connection with the contemplated submission of a proposal by COMPANY to THE CUSTOMER (hereinafter “Customer”) relating to the Customer’s call for submission of proposals on THE PROGRAM (hereinafter “Program”). Relative to such Program proposal and any contract hereinafter awarded by Customer to COMPANY, the Parties agree as follows:

1.0 PROPOSAL ACTIVITIES

- 1.1 Each Party will exert all reasonable efforts to prepare and submit a proposal to Customer for COMPANY to serve as prime contractor and SETECS to serve as subcontractor for the Program. COMPANY and SETECS agree to use their best efforts to jointly assemble a team consistent with the division of Program work set forth in Exhibit A hereof. Each Party agrees to continue to exert all proper and reasonable efforts towards these objectives throughout negotiations concerning any prime contract and resultant subcontract that may result from the submission of such proposal.
- 1.2 COMPANY will have the responsibility for the preparation, content, evaluation and submission of the combined management, technical, price and cost proposal to the Customer. Each Party will supply, in a timely manner, all necessary engineering, management, technical and other services, as well as cost and pricing information, exhibits, designs and plans related to the Program work which it proposes to perform so as to enable COMPANY to fully respond to the Customer's proposal requirements. All contacts initiated by SETECS with the Customer pertaining to the proposal will be made through, or with the consent of, COMPANY.
- 1.3 Each Party will bear all expenses that it incurs in connection with the proposal, negotiations that may follow and all other efforts under this Agreement. Neither Party will be liable for costs incurred or other obligations undertaken by the other Party in connection with the proposal or any such negotiations.
- 1.4 During the effective term of this Agreement, the Parties agree that they will not participate in any manner in teaming efforts other than those contemplated under this Agreement if such other teaming efforts relate in any way to the Program, including the submission of a proposal to serve as a contractor or subcontractor for the Program. Additionally, the Parties agree not to undertake independent efforts other than those contemplated under this Agreement if such independent efforts relate in any way to the Program, including the independent submission of a proposal to serve as a contractor or subcontractor for the Program. The term “participate” or “undertake” as used in herein includes (but is not limited to) the

interchange of technical data with parties that intend to submit a proposal to serve as a contractor or subcontractor for the Program. However, this Agreement shall not preclude either Party from bidding or contracting independently from the other on any government or industry program which may develop or arise in the general area of business related to this Agreement, including the provision of services to Customer that are unrelated to the Program.

2.0 AWARD OF CONTRACT

If COMPANY is selected by the Customer as the prime contractor for the Program, COMPANY will offer to SETECS a subcontract for the performance of work and the rendering of services by SETECS as set forth in Exhibit A hereof. Any such subcontract, or changes or supplements thereto shall be subject to applicable laws, regulations and terms of the prime contract, mutual agreement between the Parties on pricing and other subcontract terms and conditions, and prior approval of the Customer, if required. COMPANY will exert all reasonable efforts to secure any such Customer approval. The Parties will endeavor in good faith to enter into such subcontract within twenty business days of the award of a prime contract to COMPANY. In the event mutually acceptable prices or other subcontract terms and conditions cannot be negotiated by the Parties within this twenty business day period (unless events precluding such subcontract are beyond the control of both parties), COMPANY shall have the right, upon ten business days prior written notice to SETECS, to terminate this Agreement and make other arrangements for the performance of the work contemplated to have been covered by the subcontract. In such case the rights and obligations of the Parties under this Agreement will terminate, except with respect to paragraphs 1.3, 4, 5, 8 and 12 hereof.

3.0 TERM AND TERMINATION

All rights and obligations of the Parties under this Agreement shall terminate on the earliest of the following:

- 3.1 Notice from the Customer that the Program has been cancelled, or that the prime contract will not be awarded to COMPANY;
- 3.2 Award to other contractors to the exclusion of COMPANY of contracts for all Program work contemplated by the proposal;
- 3.3 Notice from the Customer that SETECS is unacceptable in the role and function set forth in the proposal; provided, however, if Customer requests a change in the role and/or function of COMPANY or SETECS, this Agreement shall not be deemed terminated unless COMPANY and SETECS fail to agree to effect appropriate changes within the time period permitted by Customer;
- 3.4 COMPANY elects not to bid as prime contractor for any phase of the Program;
- 3.5 Execution by the Parties of the subcontract contemplated by this Agreement;

- 3.6 The failure of the Parties to negotiate in good faith mutually acceptable prices or other subcontract terms or conditions (unless events precluding such subcontract are beyond the control of both parties) within twenty business days after the award of a prime contract to COMPANY, upon ten business days prior written notice to SETECS of COMPANY's intention to terminate this Agreement;
- 3.7 The expiration of one year from the effective date of this Agreement; or
- 3.8 The voluntary or involuntary filing of a petition of bankruptcy or insolvency of either Party; or
- 3.9 By mutual written consent of the Parties.

Notwithstanding any of the above, the following paragraphs shall survive and remain in force indefinitely in the event this Agreement is terminated: paragraphs 1.3, 4, 5, 8 and 12.

4.0 PROPRIETARY INFORMATION

During the term of this Agreement COMPANY and SETECS, to the extent of each Party's contractual and lawful right to do so, shall exchange such proprietary technical and other information as is reasonably required for each to perform its obligations hereunder. COMPANY and SETECS each agree to keep in confidence and prevent the disclosure to any person(s) outside their respective organizations, or any person(s) within their organizations not having a need to know, all information received from the other which is designated in writing or by an appropriate stamp or legend to be of a proprietary nature. The Parties agree that the use of the other Party's designated proprietary information will only be in connection with their obligations under this Agreement. However, neither Party shall be liable for the disclosure or use of such data if that data:

- 4.1 is already known to the other Party;
- 4.2 becomes publicly known through no wrongful act of the other Party;
- 4.3 is rightfully received from a third party having the right to disclose the data and without similar restrictions as to disclosure and use; as those identified above;
- 4.4 is independently developed by the other Party
- 4.5 is knowingly furnished to the United States Government or other third party by the submitting Party without similar restrictions as to disclosure and use, identified above;
- 4.6 is approved for release or use by written authorization of the submitting Party; or

4.7 is disclosed by mistake. The other Party shall not be liable for inadvertent, accidental, unauthorized or mistaken disclosure or use by its employees, of data obtained under this Agreement, provided:

4.7.1 the other Party used the same degree of care as used to protect its own proprietary data of like importance; and

4.7.2 upon discovery of such disclosure or use, the other Party endeavored to prevent further disclosure or use and promptly notified the submitting Party of such disclosure or use.

5.0 INVENTIONS AND PATENTS

Inventions conceived solely by employees of COMPANY shall belong exclusively to COMPANY. Inventions conceived solely by employees of SETECS shall belong exclusively to SETECS. Inventions conceived jointly by the Parties hereto in the course of work called for by this Agreement shall belong jointly to COMPANY and SETECS, subject to further agreement of the Parties. This understanding is subject to further modification as may be required by applicable government regulations, or terms of the prime contract or resultant subcontract between the Parties. Except as stated in the preceding paragraph, nothing contained in this Agreement shall be deemed, by implication, estoppel or otherwise, to grant any right or license in respect of patents, inventions or technical information at any time owned by the other Party.

6.0 RELATIONSHIP

Nothing in this Agreement shall be deemed to constitute, create, give effect to or otherwise recognize a joint venture, partnership or formal business entity of any kind between COMPANY and SETECS, and the rights and obligations of the Parties shall be limited to those expressly set forth herein. Nothing herein shall be construed as providing for the sharing of profits or losses arising out of the efforts of either Party, except as may be provided for in any resultant subcontract agreed to between the Parties.

7.0 PUBLICITY AND NEWS RELEASE

No releases shall be made to the news media or the general public by SETECS relating to its participation on the Program without the prior written approval of COMPANY, which approval shall not be unreasonably withheld. The Parties further agree that news releases made by either Party shall recognize the participation and contributions of the other Party.

8.0 INDEMNITY

The employees of COMPANY and SETECS shall obey all pertinent rules and regulations of the other Party while on the premises of the other Party, including those relating to the safeguarding of classified information. Each Party agrees to indemnify and save harmless the other Party from and against all claims for:

- 8.1 damage to, or loss of use of, the other Party's property where such damage or loss of use is caused by the negligence of the indemnifying Party's employee or agent in connection with its performance under this Agreement; and
- 8.2 injury or death of any of the other Party's employees or agents where such injury or death is caused by the negligence of the indemnifying Party's employee or agent in connection with its performance under this Agreement.

9.0 ASSIGNMENT

Neither this Agreement nor any interest herein may be assigned, in whole or in part, by either Party without the prior written consent of the other Party, except that, without securing such prior written consent, either Party shall have the right to assign this Agreement to any successor of such Party by way of merger or consolidation or the acquisition of substantially all of the assets of such Party relating to the subject matter of this Agreement provided that such successor expressly assumes all of the obligations of such Party under this Agreement.

10.0 ENTIRE AGREEMENT

This Agreement constitutes the entire understanding and agreement of and between the Parties with respect to the subject matter hereof, and supersedes all prior representations and agreements, verbal or written. It shall not be amended, except by an instrument in writing of subsequent date, duly executed by an authorized representative of each Party. Paragraph headings herein are for convenience only and shall not limit in any way the scope or interpretation of any provision of this Agreement. The validity, construction, scope and performance of this Agreement shall be governed by the laws of the State of Virginia.

11.0 NOTICES

Any notice, consent, demand or request required or permitted by this Agreement shall be in writing, and shall be deemed to have been sufficiently given when personally delivered or deposited in the United States mail, postage prepaid, addressed as follows:

If to COMPANY:

If to SETECS:

SETECS, Inc.

12.0 LIMITATION OF LIABILITY

Neither Party shall be liable to the other Party for any indirect, incidental, special or consequential damages, however caused, whether as a consequence of the gross negligence of the one Party or otherwise.

13.0 CONDITIONS AND OBLIGATIONS

The obligations of either Party hereunder, including without limitation the obligations to prepare and submit any proposal and to award or accept any subcontract, are subject to the following conditions:

- 13.1 There shall be no litigation or proceeding pending or threatened against either Party or any of their officers or employees (i) which is for the purpose of enjoining or otherwise restricting the activities contemplated by this Agreement, or otherwise claiming that any such activity is improper, (ii) which would adversely affect the rights and/or capabilities of either Party in respect of such activities or (iii) which, in the judgment of the Chief Executive Officer of either Party, would make the continuation of such activities inadvisable.

14.0 SCOPE OF AGREEMENT

This Agreement shall relate only to the Program specified herein, and nothing herein shall be deemed to:

- 14.1 confer any right or impose any obligation or restriction on either Party with respect to any other program effort or marketing activity at any time undertaken by either Party hereto, jointly or separately;
- 14.2 preclude either Party hereto from soliciting or accepting any contract or subcontract from any third party prime contractor (or subcontractor of any tier) under any other program or under this Program after termination of this Agreement; or
- 14.3 limit the rights of either Party to promote, market, sell, lease, license or otherwise dispose of its standard products or services, except where such would conflict with the obligations of the Party under this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the day and year written below.

For COMPANY:

For SETECS:

Name
Title

Date

Date

EXHIBIT A