

## Purchase Order Standard Term and Conditions

1. **APPLICABLE LAW:** The contract resulting from this purchase order (the "Order") shall be governed by the laws of the State of California and the applicable sections of Division 2 of the California Commercial Code.
2. **DEFINITIONS:** Wherever used throughout this Order, the term "Company" shall mean Hammon Plating Corporation, a California corporation. The term "Seller" shall mean the supplier of the equipment, goods, supplies and/or services, which the Company is purchasing.
3. **ACCEPTANCE:** This Order is the Company's offer to purchase the equipment, goods, supplies and/or services described herein from Seller. The Company's placement of this Order is expressly conditioned upon Seller's acceptance of all of the terms and conditions of purchase as printed on, or attached to, this Order or incorporated herein by reference.
4. **DIFFERING TERMS:** Any additional or different terms or conditions, which may appear in any communication from Seller, are hereby expressly objected to and shall not be effective or binding unless specifically agreed to in writing by the Company. No such additional or different terms or conditions contained in any printed form of Seller shall become part of this Order despite the Company's acceptance of the equipment, goods, supplies and/or services, unless such acceptance specifically recognizes and assents to their inclusion herein. Such assent must be in writing.
5. **OBJECTIONS/MODIFICATIONS:** Any objection to and/or modifications of these Purchase Order Standard Terms and Conditions, specifications or quantities of the items to be purchased shall be ineffective unless the Company is advised in writing thereof within ten (10) days of the date of this Order, and a change order or written agreement signed by both of the parties or their duly authorized agents is issued or incorporated herein.
6. **NO WAIVER:** No waiver by the Company of any breach of any of the provisions of this Order by Seller shall in any way be constructed to be a waiver of any future breach or bar the Company's right to insist on strict performance of the provisions of this Order.
7. **FORCE MAJEURE:** Neither Seller nor the Company shall be held responsible for any losses resulting if the fulfillment of any terms or provisions of the Order is delayed or prevented by any cause not within the control of the party whose performance is interfered with and which by the exercise of reasonable diligence said party is unable to prevent.
8. **REIMBURSEMENT OF COSTS:** Seller agrees to reimburse the Company for any resulting cost incurred by the Company by reason of Seller's failure to perform any part of this Order.
9. **PATENT INDEMNITY:** Seller shall defend, indemnify and hold the Company, its officers, agents and employees harmless from all liability of any nature or kind, including costs and expenses, against claims of intellectual property infringement from the use of any copyrighted or not copyrighted composition, secret process, patented or not patented invention or article or appliance furnished or used in connection with this Order.
10. **PROPERTY OF THE COMPANY:** All plates, artwork, negatives, dies or products created to produce a contracted good are considered to be the property of the Company and therefore are to be delivered to the Company upon completion of this Order or upon demand, and at no extra cost to the Company.
11. **SAFETY/HAZARDOUS MATERIALS:** All equipment, goods and/or services sold to the Company shall conform to the general safety orders of the State of California, CAL/OSHA. For all goods, which qualify with the State of California to require a Material Safety Data Sheet (MSDS), Seller must send two copies of the MSDS to the Company before or with the shipment of the goods. In the event the equipment or goods do not conform to CAL/OSHA standards, the Company may return them for correction or replacement at Seller's expense. In the event Seller fails to make the correction or effect replacement within thirty (30) days of return or written notification, the Company may affect correction or replacement through another source at Seller's expense.
12. **INDEMNIFICATION.** Seller shall indemnify and hold the Company harmless from any and all claims made against or sustained by the Company (or its employees or customers) for death or bodily injury to any person or

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Property on account of any alleged or actual defect in the equipment, goods, supplies and/or services provided pursuant to this Order. 13. SELLER TO PACKAGE GOODS: Seller shall package goods in accordance with good commercial practice. Each shipping container shall be clearly and permanently marked as follows: (a) Seller's name and address; (b) consignee name, address and the purchase order number; (c) container number and total number of containers; and (d) the number of the containers bearing the packing slip. Unless otherwise specified, Seller shall bear the cost of packing, packaging and preparation for shipment.

14. QUALITY/SUBSTITUTION STANDARDS: Seller must fully comply with all provisions of this Order as to time and place of delivery, quality, conformance to the specifications and performance/suitability of the goods for their intended purpose. If nonconforming goods are tendered, such shall constitute a breach of this Order and Seller shall not have the right to substitute a conforming tender, unless the time for performance has not yet expired, in which case Seller shall notify the Company in writing, within five (5) days of the discovery or notification of nonconformance of the goods, of Seller's intention to cure and may then make a conforming tender if delivery can be made within the contract time but not afterwards.

15. CERTIFICATIONS: In the event any of the equipment, goods, supplies and/or services supplied by Seller hereunder normally requires the certification of same by either the Seller or an independent third party (including, by way of example, but without limitation, the certification of raw materials by an independent testing laboratory or the fact that a special processes that is being used meets certain standards), Seller shall provide such certifications at time of delivery of the equipment, goods, supplies and/or services.

16. OBSOLESCENCE: Seller shall alert the Company no less than 180 days prior to the obsolescence of any item purchased within the preceding one-year period as measured from the date of delivery.

17. WARRANTY: Notwithstanding any other provision of this Order, Seller warrants that the equipment, goods, supplies and/or services furnished shall be of a most suitable grade and exactly as specified in this Order. Such warranty shall include performance, workmanship, labor material and Seller's design or engineering contributions. If a defect is discovered in any equipment, goods, supplies and/or services specified in this Order, Seller shall correct at its expense such defects as are reported within one year of final acceptance. Upon expiration of the applicable warranty period, all such liability shall terminate except for fraud or such gross mistakes as amount to fraud, or latent defects which indicate a failure to comply with the terms of this Order.

18. SHIPPING INSTRUCTIONS: All equipment, goods and/or supplies are to be shipped freight prepaid, F.O.B. destination, unless otherwise stated. Where the Company has so authorized in writing, goods may be shipped F.O.B. shipping point, but Seller shall prepay all shipping charges, route the goods by the least expensive common carrier, or the carrier specified, and list said charges as a separate item on Seller's invoice. Each invoice for shipping charges shall be accompanied by the original or a copy of the bill indicating that such charges have been paid. The Company reserves the right to reject C.O.D. shipments. Seller shall not insure goods for the Company's benefit during shipment except upon the Company's written request, or where the shipping mode is by U.S. Parcel Post.

19. RIGHT OF INSPECTION: The Company shall have the right to inspect the equipment, goods and/or supplies at delivery before acceptance thereof.

20. DEFECTIVE GOODS: If the equipment, goods and/or supplies are received in a defective or damaged condition resulting from Seller's shipping or manufacturing process, the goods will be returned for replacement at Seller's expense.

21. DELAY IN SHIPMENT: Time is of the essence. If this Order cannot be completed by the dates specified, Seller must notify the Company immediately, in writing, of reason(s) for the delay, and anticipated date of delivery. The Company reserves the right to hold Seller in breach and cancel this Order if the delay is unacceptable and inexcusable.

22. TITLE AND RISK OF LOSS: The title and risk of loss of the equipment, goods and/or supplies shall not pass to the Company until the Company actually receives, inspects and accepts the same at the point(s) of delivery.

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23. EXTERNAL PROVIDERS: The Company shall ensure the adequacy of requirements prior to their communication to the external provider. Seller is aware of their contribution to product or service conformity, to product safety, and the importance of ethical behavior.

24. LIENS, CLAIMS AND ENCUMBRANCE: Seller warrants that all equipment, goods or supplies provided under this Order will, when delivered, be free and clear of all liens, claims and encumbrances of any kind.

25. PAYMENT TERMS: Unless otherwise stated on the face of this Order, the payment terms for this Order are NET 45 days. Payment will be made by check.

26. DISCOUNTS: Cash discounts offered for prompt payment will be computed from the date of receipt of all of the items specified in this Order, or from the date a correct invoice is received for payment by the Company whichever occurs later. Payment is deemed to be made for the purpose of earning the discount on the date the Company mails the payment.

27. TAXES: Seller shall pay all taxes that may arise out of the sale of equipment, goods and/or supplies to the Company. The Company agrees to pay California State Sales or Use taxes at the prevailing rate at the time of sale, or to provide Seller with an exemption certificate for purchases so qualifying. For out of State purchases from vendors not holding a California Seller's Permit, the Company will accrue and remit the appropriate Use Tax.

28. COMPLETION OF PURCHASE ORDER: The Company reserves the right to withhold payment until all items are received and invoiced and this entire Order is completed.

29. RIGHT TO ASSURANCE: Whenever one party to this Order acting in good faith has reason to question the other party's intent to perform, that party may demand in writing that the other party give written assurance of their intent to perform. In the event that a written demand is made and no assurance is given within five (5) days of receipt thereof, the demanding party may treat such failure as an anticipatory repudiation of the contract formed by this Order.

30. CANCELLATION: The Company shall have the right to cancel for default all or any part of the undelivered portion of this Order, if Seller fails to perform the covenants contained herein at the time and in the manner herein prescribed.

31. TERMINATION OF PURCHASE ORDER: The Company may terminate this Order and be relieved of payment obligations, if any, should Seller fail to perform the covenants contained herein at the time and in the manner herein prescribed.

32. JURISDICTION AND VENUE: Both parties agree that the jurisdiction and venue for any litigation which may arise from this Order shall lie in Santa Clara County, California.

33. ENTIRE AGREEMENT: The parties acknowledge that any attachments to this Order are incorporated herein by reference and that together with the Order contain the entire agreement between the parties. In the case of an inconsistency between these Terms and Conditions and any attachment(s) hereto, these Terms and Conditions shall govern.