



TERMS AND CONDITIONS OF SALE

BETWEEN HOOD FEDERAL, INC. ("Seller")

AND

THE BUYER NAMED ON FACE OF THIS SALES ORDER ("Buyer")

SELLER AND BUYER AGREE:

1) When Agreement is Effective. Notwithstanding anything to the contrary, in the event, through course of performance or otherwise, Buyer orders ("Order") Deliverables (defined below) from Seller, these terms and conditions will apply and govern such Order in all cases and Buyer by reason of ordering has conclusively accepted these terms and conditions which Buyer acknowledges were available to Buyer for review at all times prior to placing an Order with Seller. Seller shall accept an Order from Buyer only in response to a proposal prepared by Seller, and only if the Order matches the proposal.

2) Seller's Terms Govern. Only the terms and conditions stated herein are binding on Seller, and acceptance of the Order is expressly limited to these terms and conditions. If these terms and conditions are not acceptable, Buyer must immediately notify Seller, in writing, and at least prior to placement of the Order, and must obtain Seller's consent, signed by Seller's authorized representative, to any additional or different terms or conditions. Otherwise, Buyer will conclusively be deemed to have accepted all terms and conditions stated herein as the final, complete, and exclusive statement of the terms and conditions of the transaction described in this Order. **NO ADDITIONAL OR DIFFERENT TERMS OR CONDITIONS, WHETHER IN BUYER'S ORDER, REQUEST FOR PROPOSAL, SHIPPING RELEASE FORMS, OR OTHERWISE, ARE OR WILL BE ACCEPTED BY SELLER OR OBLIGATE SELLER UNLESS SIGNED BY SELLER'S AUTHORIZED REPRESENTATIVE. ANY AND ALL ADDITIONAL OR DIFFERENT TERMS AND CONDITIONS NOT SO AGREED TO BY SELLER ARE NOT, AND WILL NOT BE DEEMED TO BE ACCEPTED.**

3) Definitions. "Deliverables" means the goods, materials, products, software licenses, technical data, personal property, services or items identified and/or listed in the Order for Buyer's internal use and resale. Deliverables do not include any aspect of intellectual property that is related to the Deliverables which belongs solely to Seller.

4) Data. Seller acknowledges that it has in its possession all applicable specifications, drawings and documents (including, without limitation, statements of work) necessary to perform its obligations under the Order at the price and schedule stated on the Order or its attachments. All such documentation, and these terms and conditions, shall be deemed to be a part of the Order.



5) Packing and Shipping. Deliverables shall be suitably packed to secure the lowest transportation costs and in accordance with the requirements of the carriers unless otherwise indicated by Buyer (i.e. rush shipments in which case, Seller may charge a premium to meet Buyer's deadlines for such rush shipments). Seller shall use the carrier(s) selected by Seller unless Buyer so requests a different shipment method and if such method is more expensive than Seller's method, then Buyer shall pay the difference in cost. Risk of loss shall be on Buyer, F.O.B. Seller's location. Delivery according to schedule is a material condition of the Order if indicated by Buyer in writing in advance.

6) Taxes and Duties. The prices stated in the Order include all applicable taxes and duties, except state and local sales and use taxes, which by statute may be passed on to Buyer. Such sales and use taxes shall be separately itemized in Seller's invoice. The Order shall include all related customs duty and import drawback rights, if any, including rights developed by substitution and rights, which may be acquired from Seller's suppliers, which Seller shall maintain. Seller agrees to certify to Buyer the country of origin for Deliverables delivered under the Order as well as the country of use for the Deliverables.

7) Payment and Prices. Unless different payment terms are expressly stated on the Order, payment terms shall be thirty (30) days from Buyer's receipt of Seller's correctly presented invoice. A "correctly presented" invoice will contain the Order number sent to Buyer's billing address. Seller represents that prices quoted to or paid by Buyer shall not exceed current prices charged to any other customer of Seller for Deliverables which are the same or substantially similar to, and in the same or substantially similar quantities as the Deliverables. Seller represents and Buyer acknowledges that Seller has priced the Deliverables based on commercial pricing standards and therefore Seller is not required to supply any data about cost, or about Seller's operations to Buyer nor any third party. Seller shall refund or Buyer may set off against subsequent invoices any amounts paid by Buyer in excess of such commercial price(s) unless otherwise agreed to by the parties. If Buyer's account is not paid when due, all amounts due are subject to a late-payment charge of one and one-half percent (1½%) per month, computed monthly, of the invoice amount, or \$100 per month, whichever is greater, and further shipments may be on a COD basis, at Seller's option. If Seller retains an agent or attorney to collect any amounts due, Buyer must pay Seller's reasonable agent's and/or attorney's fees, as the case may be, and costs and expenses even if no litigation is begun, and if there is litigation, Buyer must pay all of Seller's agent's and attorney fees, costs, and expenses as awarded by the court at all levels of litigation, appeal and review.

8) Warranty. Seller warrants that for one (1) year, all Deliverables will conform to applicable specifications, drawings, descriptions, and samples, and will be of new manufacture, good workmanship and materials, and free from design defect, claim, encumbrance or lien, and be suitable for the purpose intended by Buyer. Seller warrants that it has full title, right, power and authority to enter into the Order and perform its obligations under the Order. Seller warrants that Deliverables that are services shall be performed in a



professional and workmanlike manner. If the Deliverables delivered under the Order do not meet the warranties specified in the Order or other applicable warranties, Buyer may, at its option, return at Seller's expense, the defective or nonconforming Deliverables for credit, refund or set-off, or require Seller to correct or replace, at no cost to Buyer, any defective or nonconforming Deliverables, including, without limitation, reperform any Deliverables that are services. Return shipping to Buyer of corrected or replacement Deliverables shall be at Seller's expense. Deliverables required to be corrected or replaced (including, without limitation, the re-performance of any Deliverables that are services) shall be subject to this Section 8 and Section 9 (Inspection) in the same manner and to the same extent as Deliverables originally delivered under the Order. Seller's warranties shall run to Buyer, its affiliates, subsidiaries, customers or users of the Deliverables and shall not be deemed to be exclusive of any other remedy at law or in equity available to Buyer, its affiliates, subsidiaries, customers or users of the Deliverables. Buyer's inspection, approval, acceptance, use of, or payment for all or any part of the Deliverables shall in no way affect its warranty rights. THE FOREGOING WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO PERFORMANCE GUARANTIES, WARRANTIES AGAINST DESIGN DEFECTS, AND THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE EXCLUDED. EXCEPT AS STATED IN THIS DOCUMENT, SELLER MAKES NO REPRESENTATION OR WARRANTY ABOUT THE GOODS WHATSOEVER. In no case will Seller be liable for any special, incidental, or consequential damages based upon breach of warranty, breach of contract, negligence, strict liability, products liability, strict tort, or any other legal theory. Such damages include but are not limited to loss of profits, loss of savings or revenue, loss of use of the Deliverables or any associated equipment, cost of capital, cost of any substitute equipment, facilities, or services, delay, downtime, the claims of third parties including customers, and injury to property.

9) Inspection. The Deliverables may be inspected and/or tested by Buyer at any time, place and stage of production or distribution, and if at Seller's premises, Seller, without additional charge, shall provide all reasonable facilities and assistance required for safe and convenient inspection and testing. The foregoing shall not relieve Seller of its obligation to permit Buyer full and adequate inspection and testing away from Seller's premises. Payment shall constitute Buyer's acceptance of the Deliverables but shall not impair Buyer's right to inspect and/or test the Deliverables or exercise any of its remedies. Upon notice of rejection of defective Deliverables, risk of loss of such Deliverables shall be upon Buyer until redelivery, if any, to Seller.

10) Default. Buyer may, by written notice to Seller, cancel the Order for default, only (a) if Seller fails to deliver the Deliverables within a reasonable time; or (b) if the Deliverables delivered do not conform to the Order Upon such cancellation, Seller will deliver to Buyer any of the Deliverables for which Buyer shall make written request prior to or upon



cancellation, for which Buyer will pay Seller the fair value of any such Deliverables so requested and delivered.

11) Change Orders and Deliverable Substitution. Buyer shall have the right by written notice to request change of the terms of the Order, the drawings, specifications or other descriptions, the time, method or place of delivery or the method of shipment or packaging or to suspend delivery of the Deliverables. Upon receipt of such request, Seller shall proceed promptly submit to buyer a proposal to make such changes. If any such change causes a change in the cost of the Deliverables or in the time required for performance, Seller shall provide prompt notice to Buyer of any such change and an equitable adjustment shall be negotiated promptly and the Order shall be modified in writing accordingly. Seller shall not substitute or replace or add new raw materials or components in the Deliverables or change the specifications related to such Deliverables without first notifying Buyer in writing and receiving Buyer's written consent.

12) Intellectual Property and Proprietary Rights. Seller retains all right, title, and interest in the Deliverables and all derivatives from the Deliverables, including but not limited to patents and copyrights, applications therefor, and other intellectual-property rights, in and with respect to Seller's ideas, inventions, designs, marks (including trademarks, service marks, and trade names, whether word, logo, or other forms of designations of origin), works of authorship, proprietary and/or confidential information (including technical information relating to development, design, manufacture, installation, assembly, or testing, trade secrets, secret processes and procedures, know-how, business and financial information, and all confidential information of any nature), and any other similar property of Seller with respect to the Deliverables, whether or not embodied in tangible form (including technical drawings and specifications, shop drawings, manuals, forms, working notes and memos, consultants' reports, technical and laboratory data, notebooks, samples, and engineering prototypes) including all such items in electronic form, other media, and otherwise, all of which will remain Seller's property. None of the foregoing is a "work made for hire", and there is no assignment, license, or transfer of any of the foregoing to Buyer in whole or in part, unless expressly agreed in a separate writing signed by Seller. Buyer recognizes that Seller owns all intellectual property rights in the Deliverables and that Buyer has received no rights in such intellectual property related to the deliverables in any manner other than the right to use the Deliverables in a commercial manner. Buyer shall not reverse engineer or otherwise reverse assemble the Deliverables at any time or otherwise seek any rights other than a user of the completed Deliverables.

13) Confidential Information. Buyer shall not disclose to any third party or use any confidential information of Seller concerning the Order or other material intended for use in connection with the Order without Seller's prior written consent. Any knowledge or information which Buyer may disclose to Seller in connection with the purchase of any of the Deliverables shall not, unless Seller otherwise specifically agrees in writing, be deemed



to be confidential information and shall be acquired free from any restriction as part of the consideration for the Order.

14) Termination. Upon making an Order, Buyer may not terminate the Order recognizing that Seller may have expended effort and money to fulfill the Order. In the event the parties agree to terminate an Order, a stop work order or any other form of written notice requiring Seller to immediately cease performance under the Order shall obligate Seller to immediately stop work and take any actions necessary to mitigate the impact of such notice. Seller shall then determine a proportionate invoice amount based on when the agreed stop work order was received which Buyer shall be responsible to pay as provided in these terms and conditions.

15) Compliance with Law. Each party shall comply with all applicable laws, including without limitation, government export control, and privacy and data protection laws.

16) Delays. Whenever an actual or potential labor dispute or other event beyond the reasonable control and without the fault or negligence of the Seller, including but not limited to materials delay, is delaying or threatens to delay the timely delivery of the Deliverables, Seller shall immediately give written notice of delay, including all relevant information regarding the delay, to Buyer. In addition, Seller shall take all reasonable steps to avoid or remove the cause of such delay and mitigate the harm of such delay to Buyer and will resume performance (if suspended) as soon as the cause of delay is removed. In the event the Seller's performance is delayed or is expected to be delayed by more than thirty (30) business days, the Buyer upon written notice to Seller may terminate the Order.

17) Assignment and Subcontract. Neither the Order nor any duty or right under the Order shall be delegated, assigned or subcontracted without the prior written consent of Buyer. Any assignment not made in accordance with the terms and conditions of this Section is void and of no effect.

18) Advertising. Seller shall not, without the prior consent of Buyer or through course of performance, in any manner advertise or publish the fact that Seller has contracted to furnish Buyer the Deliverables under the Order.

19) Relationship of Parties. The Seller and Buyer are independent of each other and have no joint venture, partnership or other arrangement other than commercial vendor and vendee. Nothing in the Order shall be deemed to create a partnership, joint venture, franchise, employment, or agency relationship between the parties. Neither party shall have the power or authority to bind or obligate the other party.

20) Waiver. Any failure or delay by either party in exercising any right or remedy will not constitute a waiver.



21) Entire Agreement. These terms and conditions along with the data contained on the Order constitute the entire agreement and exclusive statement of the terms between the parties with respect to the purchase and sale of the Deliverables under the Order and terminates and supersedes all previous negotiations, communications, representations, or agreements between the parties. No alteration, modification or amendment of any of the provisions in the Order shall be binding unless in writing and signed by Seller's authorized representative. If any provision of the Order is held to be illegal, invalid or unenforceable by a court of competent jurisdiction, all other provisions shall remain in full force and effect. Buyer may not impose other terms and conditions, pre-printed, web-site based, or otherwise upon acceptance or as a condition of acceptance as the Order. These terms and conditions constitutes the entire agreement between the parties. Buyer is responsible for reviewing these terms and conditions and all provisions of the Order before acceptance of the same.

22) Governing Law and Venue. The Order shall be governed by the laws of the State of Oregon, U.S.A., without giving effect to conflicts of law principles. Seller and Buyer consent to the exclusive jurisdiction of, and venue in, the state courts within Multnomah County, Oregon, U.S.A.

23) Survival. Any provision in the Order which, by its nature, would reasonably be expected to be performed after the termination of the Order shall survive and be enforceable after such termination.

24) Limitation of Liability. In no event shall Seller be liable for any incidental, indirect, special, and consequential or punitive damages, even if Seller knew or should have known of the possibility of such damages.

25) Third-Party Terms and Conditions. The Deliverables will be Seller's standard items that conform to the description on the face of the Order, which items are available for purchase from Seller in all markets, and the Order and the transaction described in the Order are therefore not subject to any terms and conditions of any third party.

26) Derogation in Convention. The Order, and each of them, is in derogation of the United Nations Convention on the International Sale of Goods. Except as expressly provided in the Order, the parties do not intend to be bound by, and are not bound by, trade practices that alter the express provisions of the Order, including these terms and conditions.

27) Non-Discrimination in Employment. In accordance with Executive Order 11246, as amended by Executive Order 11375 (Equal Employment Opportunity), 38 USC 2012 (Vietnam Era Veterans Readjustment Assistance Act of 1974), Section 503 of the Rehabilitation Act of 1973 (Handicapped Regulations), and the implementing regulations found at 41 CFR 601&2, 41 CFR 60-250 and 41 CFR 60-741, respectively, are hereby incorporated by reference. The Buyer agrees not to Discriminate against any employee or applicant for employment because of race, creed, color or national origin. The Buyer will



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take affirmative action to ensure that Equal Employment Opportunity is implemented in employment, upgrading, demotion or transfer or recruitment advertising, layoff or termination rates of pay or other forms of compensation and selection of training including apprenticeship. All other applicable provisions of the Rules and Regulations of the Office of Federal Contract compliance are herein incorporated by reference.