

HDAHYBRID DESIGN
ASSOCIATES, LLC

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COMPANY

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www.hda-smc.com**PURCHASE ORDER TERMS AND CONDITIONS****1. ENTIRE AGREEMENT**

1.1 The terms and conditions set forth below together with those appearing on the face of this purchase order or any attachment hereto (collectively the "Order") constitute the complete and exclusive agreement between Hybrid Design Associates, LLC ("HDA LLC") and the Seller identified on the face of this Order ("Seller").

1.2 This Order takes precedence over any additional or different terms and conditions of Seller to which objective is hereby made by HDA, LLC. No modification of this order shall be binding on either party unless in writing and signed by an authorized representative of each party.

2. PRICES AND INVOICES

2.1 Seller shall set to HDA LLC the goods ("Goods") or services ("Services") shown on the face of this Order at the prices specified, except as otherwise provided in this Order, such prices are exclusive of applicable freight and duties. Seller warrants that such prices are not in excess of the lowest prices charged by Seller to other similarly situated customers for similar quantities of goods and services of like kind and quality.

2.2 Payment for goods or services by HDA LLC shall be net 30 days after the later of the receipt by HDA LLC of (I) an appropriate invoice from Seller, or (II) the corresponding Goods or Service. HDA LLC may deduct from Seller's invoices any monies owed to HDA LLC by Seller. HDA LLC may take advantage of any applicable prompt discount. The period for which shall be calculated from the later of the date specified in paragraphs 2.1 (I) and 2.2 (II) above.

3. SHIPMENT AND DELIVERY

3.1 Seller shall give HDA LLC notice of any prospective failure to ship Goods or provide Services in time to meet the date of which such Goods or Services must be received by HDA LLC (the "Delivery Date"). If only a portion of Goods is available for shipment to meet Delivery Date, Seller shall ship the available Goods unless directed by HDA LLC to reschedule shipment. If Seller ships Goods by a method other than as specified on this Order, Seller shall pay any resulting increase in the cost of freight incurred over that which would have been incurred had Seller complied with HDA LLC's shipping instructions.

3.2 If due to Seller's failure to timely ship Goods the specified method of transportation would not permit Seller to meet the Delivery Date, the Goods affected shall be shipped by air transportation or other expedient means acceptable to SM. Seller shall pay for any resulting increase in the cost of freight incurred over which would have been incurred by the specified method of transportation.

3.3 If Seller makes any shipment more than five days prior to the date required to meet the Delivery Date by the specified method of transportation, HDA LLC may either return the Goods or delay processing the corresponding invoice until Delivery Date.

3.4 All Noncomplying Products (as defined in Section 6.1 below), over shipments, and early shipments returned by HDA LLC to Seller, and all replacements or reworked products shipped by Seller to HDA LLC to replace Noncomplying Products, shall be at seller's risk and expense including transportation charges (round trip charges for replacement or reworked Goods).

3.5 Unless otherwise specified in this Order, shipment of Goods shall be F.O.B. Seller's place of shipment. Title and risk of loss or damage shall pass from Seller to HDA LLC upon Seller's delivery of the Goods to the common carrier specified by HDA LLC, subject to Sections 3.6 and 3.7 below.

3.6 Seller shall preserve, package, handle, and pack the Goods so as to protect the Goods from loss or damage, in conformance with good commercial practice, HDA LLC specifications, Government regulations, and other applicable requirements. Seller shall be responsible for any loss or damage due to its failure to properly preserve, package, handle or pack the Goods. HDA LLC shall not be required to assert any claims for such loss or damage against the common carrier involved.

3.7 All Goods shall be shipped in conformance with government or freight regulations applicable to chemicals, HDA LLC shall not be liable for any loss or damage caused by release of chemicals or other hazardous materials to the environment prior to HDA LLC's actual receipt of the corresponding Goods.

3.8 Each delivery of Goods to HDA LLC shall include a packing list which contains at least (I) this order number, (II) the HDA LLC part number, (III) the quantity shipped, and (IV) the date of shipment.

4. CHANGES

4.1 HDA LLC may without charge, change or cancel any portion of this Order if HDA LLC gives Seller notice, (I) for custom Goods or Services (i.e. supplied exclusively in accordance with HDA LLC's designs or specification), at least sixty calendar days prior to Delivery Dates, and (II) for standard Goods or Services (i.e. all Goods and Services other than custom), at least thirty calendar days prior to the Delivery Date.

4.2 If HDA LLC changes or cancels any portion of this Order after the time periods specified in Section 4.1 above, HDA LLC shall be responsible for actual costs incurred by Seller as a direct result of such change or cancellation which are not recoverable by either (I) the shipment of the Goods or provisional in the Service affected to other parties within a reasonable time, or (II) the exercise by Seller, in a commercially reasonable manner, or other mitigation measures.

4.3 HDA LLC may effect upon notice to seller, change HDA LLC's designs or specifications at any time prior to shipment of corresponding Goods or receipt of corresponding Services, an adjustment, acting reasonable and in good faith, HDA LLC may without any liability terminate this Order as to all Goods and Services affected.

4.4 Seller shall not, without the prior written consent Of HDA LLC, make any process or design changes affecting the Goods.

5. QUALITY AND WARRANTY

5.1 Seller shall maintain an objective quality program for all Goods and Services in accordance with (I) the current revision of HDA LLC's Supplier Quality Systems Requirement and (II) any additional or substitute quality requirement listed in this Order or otherwise specified by HDA, LLC. Seller shall upon HDA LLC's request, provide to HDA LLC copies of Seller's program and supporting test documentation.

5.2 Seller warrants that all Goods and Services shall (I) conform strictly to the design criteria specifications (including general specifications and quality requirements), descriptions, drawings, samples, and other requirements referred to in this Order or provided by Seller, (II) be free from defects In design, material, and workmanship, and (III) be free from all Lens and encumbrances and other claims against title.

5.3 All warranties specified in Section 5.2 above shall (I) survive any inspection, delivery, acceptance, or payment by HDA LLC and (II) be in effect for the longer of Seller's normal warranty period or the one year period following the date of acceptance of the Goods and Services by HDA LLC.

6. NONCOMPLYING PRODUCTS

6.1 If any Good or Service is defective or otherwise not in conformity with the requirements of this Order ("Noncomplying Product"), HDA LLC may (I) return the Noncomplying Product for replacement or reworking at Seller's expense. Or (II) repair the Noncomplying Product and recover HDA LLC's reasonable expenses of repair.

6.2 Seller shall, if HDA LLC selects the alternative in paragraph 6.1 above, (I) return the replacement or reworked Product no later than five workdays after the receipt Of the Noncomplying Product from HDA LLC. The cure period specified In Section 10.1 below shall apply only once to any breach of this Section 6.2.

6.3 If Seller fails to return replacement or reworked Goods to HDA LLC in a timely manner as specified in Section 6.2 above, HDA LLC may reject the Noncomplying Product not to be replaced or reworked, with a full refund of all costs paid by HDA LLC. If HDA LLC rejects any Noncomplying Product, HDA LLC may procure, upon such terms and in such manner as HDA LLC reasonable deems appropriate, a similar product in substitution for the Noncomplying Products; Seller shall reimburse HDA LLC upon demand for all additional costs incurred by HDA LLC in purchasing any such product.

7. HDA LLC PROPERTY

7.1 All property furnished to Seller by HDA LLC or paid for by HDA LLC In connection with this Order ("HDA LLC Property") shall be (I) used only in the performance of this Order. (II) marked or tagged as the property of HDA LLC, (III) subject to inspection by HDA LLC at any time, (IV) kept as personal property, and not affixed to real property, (V) kept free of liens and encumbrances, (VI) kept separate from other property, and (VII) kept unmodified by Seller.

7.2 Seller shall bear all risk of loss or damage to HDA LLC property until it is returned to HDA LLC. Upon HDA LLC's request, Seller shall deliver all HDA LLC property to HDA LLC in good condition, normal wear and tear excepted, without cost to HDA LLC. Seller waves any legal or equitable right to withhold HDA LLC property.

8. INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION

8.1 Seller shall defend, Indemnify, and hold harmless HDA LLC and Its affiliates, subsidiaries, assigns, subcontractors, and customers from and against all claims, losses, demands, fees, damages, liabilities, costs, expenses, obligations, causes of action, suits or injuries, of any kind or nature arising from (I) any actual or claimed infringement of patents, trademarks, service marks, trade socials, mask work rights. or copyrights with respect to Goods and services except to the extent that the Infringement arises solely and directly out of compliance with HDA LLC's written specifications, or (II) Sellers failure to comply with the requirements of section 83 below.

8.2 Without limiting the generality of Section 8.1 above, if the use by HDA LLC or its affiliates, subsidiaries, assigns, subcontractors, or customers at any Good or Service is enjoined ("Infringed Product"), Seller shall at its expense use its best efforts to procure the right to continue using the Infringing Product. If Seller is unable to do so, Seller shall at its expense; (I) replace the Infringing Product with a Noninfringing Product, (II) modify the Infringing Product, refund In full all costs paid by HDA LLC for the Infringing Product.

8.3 Seller shall remove from all Goods rejected. returned, or not purchased by HDA LLC, HDA LLC's name and any of HDA LLC's trademarks, trade names, insignia, part numbers, symbols, or decorative designs, prior to any other sale, use or disposition of such Goods by Seller.

8.4 Seller shall not disclose to any person or entity, other than those employees of the Seller who have need to know, any confidential information of HDA LLC; whether written or oral which Seller may obtain from HDA LLC or otherwise discover. The term "confidential information" includes without limitation all information of data concerning HDA LLC products (including the discovery, invention, research, improvement, development, manufacture, or sale of HDA LLC products) or business operations (including sales costs, forecasts, profits. pricing methods, and processes.

8.5 Any forecasts provided by HDA LLC are only an accommodation to the Seller, and shall not constitute commitment of any type by HDA LLC.

9. GOVERNMENT COMPLIANCE

9.1 Seller shall (I) comply with all federal, state, local, and foreign laws, rules and regulations applicable to its obligations under this Order, and (II) furnish to HDA LLC any Information received to enable HDA LLC to comply with such laws, rules, and regulations in its use of the Goods or Services.

9.2 If goods are incorporated by HDA LLC into products sold under a federal contract or subcontract, those applicable procurement regulations that are required by federal statute or regulation to be inserted in contracts or subcontracts shall be deemed to apply to this Order.

9.3 Without limiting the generality of Section 9.1 above, Seller warrants that (I) each chemical substance contained in Goods is on the inventory of chemical substances compiled and published by the Environmental Protection Agency pursuant to the Toxic Substance Control Act and (II) all Material Safety Data Sheets required to be provided by Seller for Goods shall be provided to HDA LLC prior to shipment of the Goods and shall be complete and accurate.

10. DEFAULT

10.1 If Seller breaches any provision of this Order, HDA LLC may except as otherwise prohibited by the United States bankruptcy laws, terminate the whole or any part of this Order, unless Seller cures the breach within ten work days after receipt of HDA LLC's notice of breach.

10.2 For purposes of Section 10.1 above, the term "breach" shall include without limitation any (I) proceeding, whether voluntary or involuntary, in bankruptcy or insolvency by or against Seller, (II) appointment, with or without Seller's consent, of a receiver or an assignee for the benefit of creditors, (III) failure to provide HDA LLC upon request, with reasonable assurances of performance or, (IV) other failure to comply with this Order.

10.3 In the event HDA LLC terminates this Order in whole or in part as provided in Section 10.1 above, HDA LLC may procure, upon such terms and in such manner as HDA LLC reasonable deems appropriate, products similar to line Goods or Services as to which this Order is terminated. Seller shall reimburse HDA LLC upon demand for all additional costs incurred by HDA LLC in purchasing such similar products.

10.4 The rights and remedies granted to HDA LLC pursuant to this Order are in addition to and shall not limit, or affect, any other rights or remedies available at law or in equity.

11. IMPORT REQUIREMENTS

11.1 Upon HDA LLC's request, Seller shall provide HDA LLC with an appropriate certification stating the country of origin for Goods, sufficient to satisfy the requirements of (I) the customs authorities of the country of receipt, and (II) any applicable export licensing regulations, including those of the United States.

11.2 Seller shall mark every Good (of the Goods container if there is not room on the Good itself) with the country of origin. Seller shall, in marking the Goods, comply with the requirements of the customs authorities of the country of receipt.

11.3 If any Goods are imported, the Seller shall when possible allow HDA LLC to be the importer of record. If HDA LLC is not the importer of record and Seller obtains duty drawback rights to the Goods, Seller shall, upon HDA LLC's request, provide HDA LLC with documents required by the customs authorities of the country of receipt to prove Importation and to transfer duty drawback right to HDA LLC.

12. MISCELLANEOUS

12.1 Any notice pursuant to this Order shall be in writing and shall be deemed received as of three work days after posting by certified mail, return receipt requested, to the addresses specified in this Order. Either party may change its address for purposes of notice by notice to the other party.

12.2 Neither HDA LLC nor Seller shall delegate any duties or assign any rights under this Order. Any attempted delegation or assignment shall be void.

12.3 The waiver of any term or condition of this Order must be in writing. No such waiver shall be construed as a waiver of any other term or condition except as provided in writing, nor as a waiver of any subsequent breach of the same term or condition.

12.4 This agreement shall be interpreted and governed by the laws of the State of Arizona. Seller hereby consents to the jurisdiction and venue of such courts in the City of Tempe, County of Maricopa, State of Arizona.

12.5 The article headings in this Order are for convenience of reference only, and shall not be relevant in interpreting this Order.

12.6 Stenographical, typographical, or clerical errors are subject to correction by HDA LLC.

12.7 All attachments to this Order shall be deemed a part of this Order and incorporated herein by reference.

12.8 If ownership of Seller changes in any form this Order maybe terminated by HDA LLC without charge.