

1. **Definitions.** The term "Purchaser" means Connectec Company, Inc. and the term "Seller" means the person, firm or corporation from whom the goods or services have been ordered.
2. **Acceptance-Agreement.** Seller's commencement of work on the goods subject to this purchase order or shipment of such goods, whichever occurs first shall be deemed an effective mode of acceptance of this purchase order. Any acceptance of this purchase order is limited to acceptance of the express terms contained on the face of any purchase order submitted by Purchaser and those terms contained herein. Any proposal for additional or different terms or any attempt by Seller to vary in any degree any of the terms of any Purchaser's purchase order or the terms contained herein is hereby objected to and rejected, but such proposals shall not operate as a rejection of this offer unless such variances are in the terms of the description, quantity, price or delivery schedule of the goods, but shall be deemed a material alteration thereof, and this offer shall be deemed accepted by Seller without said additional or different terms. If this purchase order shall be deemed an acceptance of a prior offer by Seller, such acceptance is limited to the express terms contained on the face of any purchase order submitted by Purchaser and those terms contained herein.
3. **Responsibility.** Seller shall be responsible for any and all loss or damage to the goods until delivered to Purchaser at the f.o.b. point specified on the face of this order; or if not such f.o.b. point is specified, until delivered to a common carrier or to a Purchaser's plant whichever may occur first.
4. **Inspection.** All goods is subject to Purchaser's inspection within a reasonable time after arrival at the ultimate destination. If, upon inspection, in Purchaser's judgment, any or all of the goods is found to be unsatisfactory, defective, of inferior quality or workmanship, or fails to meet the specifications or any other requirements of this order, Purchaser may return such goods to Seller at Seller's expense. Payment for goods prior to inspection shall not be construed to be an acceptance of unsatisfactory or defective goods. Upon the return of any unsatisfactory or defective goods, Seller shall reimburse Purchaser for: a) any amounts paid by Purchaser on account of the purchase price of such returned goods, and b) any costs incurred by Purchaser in connection with the delivery or return of such goods. Goods rejected and goods supplied in excess of quantities called for herein may be returned to Seller at its expense and, in addition to Purchaser's other rights, Purchaser may charge Seller all expenses of unpacking, examining, repacking, and reshipping such goods. In the event Purchaser receives goods whose defects or nonconformity is not apparent on examination, Purchaser reserves the right to require replacement, as well as payment of damages. Nothing contained in this purchase order shall relieve in any way the Seller from the obligation of testing, inspection and quality control. The terms of this purchase order shall be strictly interpreted. Seller shall be responsible for reviewing this purchase order and any documents annexed thereto. Any deviation without Purchaser's prior written consent shall be at Seller's risk.
5. **Warranty.** Seller expressly warrants that all goods or services furnished under this agreement shall conform to all specifications and appropriate standards, will be new, and will be free from defects in material or workmanship. Seller warrants that all such goods or services will conform to any statements made on the containers or labels or advertisements for such goods, or services, and that any goods will be adequately contained, packaged, marked and labeled. Seller warrants that all goods or services furnished hereunder will be merchantable, and will be safe and appropriate for the purpose for which goods or services of that kind are normally used. If Seller knows or has reason to know the particular purpose for which Purchaser intends to use the goods or services, Seller warrants that such goods or services will be fit for such particular purpose. Seller warrants that goods or services furnished will conform in all respects to samples. Inspection, test, acceptance or use of the goods or services furnished hereunder shall not affect the Seller's obligation under this warranty, and such warranties shall survive inspection, test, acceptance and use. Seller's warranty shall run to Purchaser, its successors, assigns and customers, and users of products sold by Purchaser. Seller agrees to replace or correct defects of any goods or services not conforming to the foregoing warranty promptly, without expense to Purchaser, when notified of such nonconformity by Purchaser, provided Purchaser elects to provide Seller with the opportunity to do so. In the event of failure of Seller to correct defects in or replace nonconforming goods or services promptly, Purchaser, after reasonable notice to Seller, may make such corrections or replace such goods and services and charge Seller for the cost incurred by Purchaser in doing so. This warranty is in addition to any standard warranty or service guarantee given by Seller to Purchaser. Seller shall indemnify Purchaser against any loss or damage (including attorney's fees and other costs of defending an action) arising from the breach of warranty.
6. **Price Warranty.** Seller warrants that the prices for the articles sold Purchaser hereunder are not less favorable than those currently extended to any other customer for the same or similar articles in similar quantities. In the event Seller reduces its price for such article during the term of this order, Seller agrees to reduce the prices hereof correspondingly. Seller warrants that prices shown on this purchase order shall be complete, and no additional charges of any type shall be added without Purchaser's express written consent. Such additional charges include, but are not limited to, shipping, packaging, labeling, custom duties, taxes, storage, insurance, boxing, crating.
7. **Confidentiality.** Seller shall consider all information furnished by Purchaser to be confidential and shall not disclose any such information to any other person, or use such information itself for any purpose other than performing this contract, unless Seller obtains written permission from Purchaser to do so. This paragraph shall apply to drawings, specifications, or other documents prepared by Seller for Purchaser in connection with this order. Seller shall not advertise or publish the fact that Purchaser has contracted to purchase goods from Seller, nor shall any information relating to the order be disclosed without Purchaser's written permission. Unless otherwise agreed in writing, no commercial, financial or technical information disclosed in any manner or at any time by Seller to Purchaser shall be deemed secret or confidential and Seller shall have no rights against Purchaser with respect thereto except such rights as may exist under patent laws.
8. **Cancellation.** Purchaser may, at its option, cancel any unshipped goods and terminate this order. Purchaser's only obligation shall be to pay for goods shipped prior to the cancellation. Seller shall not be paid for any work done nor for any costs incurred by Seller's suppliers or subcontractors after receipt of the notice of cancellation.
9. **Termination for Default.** Purchaser may also terminate this order or any part hereof for cause in the event of any default by the Seller, or if the Seller fails to comply with any of the terms and conditions of this purchase order. Late deliveries, deliveries of products which are defective or which do not conform to this order, and failure to provide Purchaser, upon request, reasonable assurances of future performance shall all be causes allowing Purchaser to terminate this order for cause. In the event of termination for cause, Purchaser shall not be liable to Seller for any amount, and Seller shall be liable to Purchaser for any and all damages sustained by reason of the default which gave rise to the termination.
10. **Patents, Trademarks and Copyrights.** Seller warrants that the sale or use of the goods will not infringe or contribute to infringement of any patents, copyrights or trademarks in either United States or foreign countries. Seller shall fully indemnify Purchaser in the event of such infringement, including all attorney's fees and costs.
11. **Liability.** In accepting the order Seller agrees that he, or it, is an Independent contractor for all intents and purposes that he, or it, will protect the Purchaser from any claims or damages arising from

## PURCHASE ORDER TERMS AND CONDITIONS

- injury to Seller's employees from any cause whatsoever while in or about Purchaser's plant or property, and Seller further agrees to carry all workman's compensation insurance necessary under Federal or State Statutes and also agrees that none of the individuals whose compensation for service is paid by the Seller shall be deemed to be employed by the Purchaser for the purpose of any tax or contribution levied by Federal or State Government and the Seller accepts exclusive liability for any payroll taxes or contributions imposed by Federal or State Laws covering his or its agents or employees.
12. Force Majeure. Purchaser may delay delivery or acceptance occasioned by causes beyond its control. Seller shall hold such goods at the direction of the Purchaser and shall deliver them when the cause affecting the delay has been removed. Purchaser shall be responsible only for Seller's direct additional costs in holding the goods or delaying performance of this agreement at Purchaser's request. Causes beyond Purchaser's control shall include governmental action or failure of the government to act where such action is required, strike or other labor trouble, fire, or unusually severe weather.
  13. Insurance. In the event that Seller's obligations hereunder require or contemplate performance of services by Seller's employees, or persons under contract to Seller, to be done on Purchaser's property, or property of Purchaser's customers, the Seller agrees that all such work shall be done as an independent contractor and that the persons doing such work shall not be considered employees of the Purchaser. Seller shall maintain all necessary insurance coverages, including public liability and Workman's Compensation insurance. Seller shall indemnify and save harmless and defend Purchaser from any and all claims or liabilities arising out of the work covered by this paragraph.
  14. Indemnification. Seller shall defend, indemnify and hold harmless Purchaser against all damages, claims or liabilities and expenses (including attorney's fees) arising out of or resulting in any way from any defect in the goods or services purchased hereunder, any breach of the terms and conditions of this order, or from any act or omission of Seller, its agents, employees or subcontractors. This indemnification shall be in addition to the warranty obligations of Seller.
  15. Changes. Purchaser shall have the right at any time to make changes in drawings, designs, specifications, materials, packaging, time and place of delivery and method of transportation. If any such changes cause an increase or decrease in the cost, or the time required for the performance, an equitable adjustment shall be made and this agreement shall be modified in writing accordingly. Seller agrees to accept any such changes subject to this paragraph.
  16. Quality Assurance. Full compliance with the following codes specified in the purchase order in conjunction with Quality Assurance Attachment Clauses Form QF 7554 is required. This document is attached hereto and incorporated by reference herein.
  17. Audit Right. Where appropriate, Purchaser shall have the right to audit product quality at seller's premises.
  18. Entire Agreement. This purchase order, and any documents referred to on the face hereof, constitute the entire agreement between the parties.
  19. Assignments or Subcontracting. No part of this order may be assigned or subcontracted without the prior written approval of Purchaser.
  20. Setoff. All claims for money due or to become due from Purchaser shall be subject to deduction or setoff by the Purchaser by reason of any counterclaim arising out of this or any other transaction with Seller.
  21. Shipment. If in order to comply with Purchaser's required delivery date it becomes necessary for Seller to ship by a more expensive way than specified in this purchase order, any increased transportation costs resulting therefrom shall be paid for by Seller unless the necessity for such rerouting or expedited handling has been caused by Purchaser.
  22. Waiver. Purchaser's failure to insist on performance of any of the terms or conditions herein or to exercise any right or privilege or Purchaser's waiver of any breach hereunder shall not thereafter waive any other terms, conditions or privileges whether of the same or similar type.
  23. Delivery. Time is of the essence of this contract and if delivery of items or rendering of services is not completed by the time promised, Purchaser reserves the right, without liability in addition to its other rights and remedies, to terminate this contract by notice effective when received by Seller as to items not yet shipped or services not yet rendered and to purchase substitute items or services elsewhere and charge Seller with any loss incurred.
  24. Limit on Purchaser's Liability. In no event shall Purchaser be liable for anticipated profits or for incidental or consequential damages. Purchaser's liability on any claim of any kind for any loss or damage arising out of or in connection with or resulting from this agreement or from the performance or breach thereof shall in no case exceed the price allocable to the goods or services or unit thereof which gives rise to the claim. Purchaser shall not be liable for penalties of any description. Any action resulting from any breach on the part of Purchaser as to the goods or services delivered hereunder must be commenced within one year after the cause of action has accrued.
  25. Choice of Law. This Purchase Order, and any contract formed hereunder, shall be governed by, and construed under the internal laws of the State of California, without regard to principles of conflict of law, as the same may be from time to time in effect, including, without limitations the Uniform Commercial Code as in effect in the State of California. Any claims, legal proceeding or litigation arising in connection with this Purchase Order will be brought solely in Orange County, California, and Seller consents to the jurisdiction of such courts.
  26. Compliance with Laws. Seller agrees that all goods shipped to the Purchaser under this agreement will be produced in full compliance with all applicable laws including, but not limited to, the Fair Labor Standards Act. Seller further agrees that it shall not engage in the employment of child, forced, indentured, involuntary, prison or uncompensated labor. Purchaser may, upon notice, inspect Seller's plant and facilities at reasonable times to determine compliance with the provisions set forth herein. In addition to any other remedies contained herein, Purchaser shall have the right to immediately terminate this agreement and any other agreements with Seller if it determines that Purchaser is in violation of this section.
  27. Seller Compliance. The Seller agrees to comply with the following:
    - A) Executive Order 11246 as amended and all regulations promulgated pursuant to that Executive Order including but not limited to the provisions of paragraphs (1) through (7) of the "Equal Opportunity Clause" and the "Certification of Nonsegregated Facilities", each of which is incorporated herein by reference, B) Section 503 of the Rehabilitation Act of 1973 including the applicable parts of the affirmative action clause entitled "Affirmative Action for Handicapped Workers" (41 CFR 60-741.4) incorporated herein by reference, C) the Vietnam Era Veterans Readjustment Assistance Act (30 USC §2012) including the applicable parts of the affirmative action clause entitled "Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era" (41 CFR 60-250.4) incorporated herein by reference, and D) Executive Order 13496 "Notification of Employee Rights Under Federal Labor Laws" (29 CFR Part 471, Appendix A to Subpart A) also incorporated herein by reference, E) all applicable commercial and public anti-bribery laws, including, without limitation.
  28. Seller acknowledges and accepts a responsibility to warn and protect its employees and shall adhere to all work rules, safety standards, their contribution to the product safety and security requirements that are reasonably provided to that party's personnel who are on-site at the other party's facilities.
  29. Ethics Requirement. Importance of ethical behavior means that acceptance of the order constitutes a declaration and agreement by the Vendor that no bribes, rebates, gifts, kickbacks, or gratuities to secure the Purchase Agreement or the subcontract, or for favorable treatment and under such agreements, or for any other purpose relating to the contract have been or will be directly or indirectly offered or given to, or have been or will be arranged with officers, officials or employees of Connectec Co. Inc. by the Vendor, its employees or agents.