

**CODEWORD, LLC  
PURCHASE ORDER TERMS AND CONDITIONS**

- 1. SCOPE.** The terms and conditions set forth below together with those appearing on the face of this purchase order or on any exhibits attached hereto (collectively, the "Order") constitute the complete and exclusive agreement between Codeword, LLC ("Codeword") and the vendor identified on the face of this Order ("Vendor") with respect to the goods or services to be provided hereunder. The terms and conditions of this Order take precedence over any additional or different terms and conditions of Vendor which may be contained in Vendor's quotation or acknowledgement to which objection is hereby made by Codeword.
- 2. PRICES.** Vendor shall sell to Codeword the goods ("Goods") or services ("Services") shown on the face of this Order at the prices specified. Such prices are firm for the delivery period shown and are exclusive of taxes, shipping and insurance. If charges for taxes, shipping and insurance are applicable, they shall be separately stated on Vendor's invoice. Vendor warrants that each price for Goods or Services is no less favorable than that extended during the term of this Order to any other customer for the same or like items in equal or lesser quantities on similar terms and conditions.
- 3. PACKAGING.** Unless specified on the face of this Order, no charge shall be made by Vendor for packaging, marking or storage. All Goods shall be packaged, marked, and otherwise prepared in accordance with good commercial practices or Codeword's specifications. Vendor shall be responsible for any loss or damage due to its failure to properly preserve, package, handle, or pack the Goods. Codeword shall not be required to assert any claims for such loss or damage against the common carrier involved.
- 4. SHIPPING AND DELIVERY.** Vendor shall ship the Goods in accordance with the shipping instructions provided by Codeword. If no instructions are provided, Vendor shall ship the Goods freight prepaid. Vendor will ship the Goods so that they are delivered to the Codeword "Ship To" on the delivery date specified on the face of this Order ("Delivery Date"). Deliveries to the Codeword Ship To location will be considered on-time if they are made no more than three (3) business days earlier than the Delivery Date. Codeword may refuse to accept deliveries at the Codeword Ship To location earlier than this time or later than the Delivery Date. Each shipment of Goods to Codeword shall include a packaging list which contains at least (i) the number of this Order, (ii) the quantity, and (iii) the date of shipment. If Vendor ships more Goods than ordered, Codeword may return the over shipment to Vendor. Vendor shall notify Codeword immediately when Vendor has knowledge of any potential delay in delivery. If only a portion of the Goods is available for shipment to meet the Delivery Date, Vendor shall ship the available Goods unless directed by Codeword to reschedule shipment. If Vendor is unable to deliver the Goods on-time without premium routing, Vendor will ship the Goods affected by air transportation or other expedited means acceptable to Codeword and Vendor shall pay the difference between the cost of such expedited routing and the routing originally requested by Codeword. Goods comprising or containing chemicals shall be shipped in conformance with Government or freight regulations applicable to such chemicals. Codeword shall not be liable for any loss or damage caused by a release of chemicals or other hazardous materials to the environment prior to Codeword's actual receipt of the corresponding Goods.
- 5. TITLE AND RISK OF LOSS.** Unless otherwise specified on the face of this Order, shipping terms shall be FOB destination. Vendor shall bear the risk of loss or damage to the Goods, and title shall not pass to Codeword until delivery of the Goods to the Codeword location.
- 6. INVOICES AND PAYMENT.** Vendor shall issue invoices only at the time of shipment of Goods or completion of Services. Unless otherwise specified on the face of this Order, Codeword's payment terms are net thirty (30) calendar days of the date of receipt of a correct invoice, provided Vendor has delivered conforming Goods or satisfactorily completed Services. Codeword may take advantage of any applicable prompt payment discount. Payment does not constitute acceptance of the Goods or Services. Adjustments for payments made for rejected Goods or Services or for any overpayments shall be deducted payments due, or at Codeword's option, promptly refunded by Vendor upon request.
- 7. CANCELLATION FOR CONVENIENCE.** Codeword may, for its own convenience and without charge, cancel any portion or all of this Order whenever Codeword elects. Any such termination shall be affected by delivery to the Vendor of a Notice of Termination specifying the extent to which performance of work under the agreement is terminated, and the date upon which termination becomes effective. If Codeword cancels any portion or all of this Order (other than as a result of default by Vendor), Codeword shall be responsible for the actual costs incurred by Vendor as a direct result of such cancellation which are not recoverable by either (i) the sale of goods or provision of the Services affected to other parties within a reasonable time, or (ii) the exercise by Vendor, in a commercially reasonable manner, of other mitigation measures. Any claim by Vendor for such actual costs shall be deemed waived by Vendor unless submitted in writing to Codeword within thirty (30) calendar days after Codeword notifies Vendor of the cancellation.
- 8. CANCELLATION FOR DEFAULT.** Codeword may cancel this Order, or any part thereof, without liability in the event (1) Vendor fails to deliver the Goods or perform the Services within the time specified in this Order, or Vendor so fails to make progress as to endanger performance of this Order in accordance with its terms, and in either of these two circumstances Vendor does not cure such failure within a period of ten (10) calendar days (or such longer period as Codeword may authorize in writing) after receipt of notice of such failure from Codeword, (3) a petition in bankruptcy is filed by or against Vendor, or (4) a receiver is appointed for Vendor or Vendor makes an assignment for the benefit of creditors. In the event Codeword cancels this Order, in whole or in part, as provided in this paragraph 8, Vendor shall be liable to Codeword for any and all damages sustained by Codeword in connection with the default which gave rise to the cancellation. The rights and remedies of Codeword contained herein are in addition to any other rights or remedies provided by law.
- 9. INSPECTION AND ACCEPTANCE.** Vendor shall inspect all Goods prior to shipment to Codeword. Codeword and its designated representatives may perform reasonable inspection of the Goods at Vendor's source site. Codeword may test or otherwise inspect Goods for acceptance within a reasonable time after receipt at the specified Codeword location. Goods which fail to pass Codeword's incoming acceptance test or other inspection, if any, may be rejected by Codeword and returned to Vendor at Vendor's expense. Codeword's rights under this paragraph 9 are in addition to Codeword's rights under paragraph 10.
- 10. WARRANTY.** Vendor warrants that all Goods will conform to and perform in accordance with the drawings, specifications, samples or other descriptions thereto, including any specifications supplied by Codeword. Vendor further warrants that all Goods furnished pursuant to this Order will be (i) free from all defects in material and workmanship, (ii) free from defects in design except to the extent that such Goods comply with the detailed designs provided by Codeword, (iii) suitable for the purposes, if any, stated on the face of this Order, and (iv) in conformity with all the other requirements of this Order. Vendor warrants good title to the Goods furnished pursuant to this Order. In addition to any other rights which Codeword may have, if Goods are found not to be as warranted within a one (1) year period after receipt at the specified Codeword location (or such other longer period as is provided in Vendor's standard warranty), Codeword may return such Goods to Vendor, at Vendor's expense, for correction, replacement, credit or refund, as Codeword may direct. Vendor warrants that all Services to be provided hereunder will be performed in a safe and workmanlike manner and that Vendor possesses the requisite expertise, facilities and equipment necessary and appropriate to perform the Services. Vendor further warrants that the Goods furnished under this Order are new. These warranties, and all other warranties, express or implied, shall survive inspection, acceptance, non-inspection and payment. Such warranties shall not be deemed to limit any express or implied warranties of additional scope given to Codeword by Vendor. All warranties, both express and implied, shall be construed as conditions as well as promises. Said warranties together with all other warranties of Vendor, shall run in favor of Codeword, its successors and assigns. Acceptance of any Goods or Services by Codeword shall not be deemed to alter or affect the obligations of Vendor or the rights of Codeword, its successors or assigns under Vendor's warranties, or to waive any such rights with respect to any latent defects. Vendor agrees to indemnify and hold harmless Codeword, its successors or assigns against and in respect of all claims, actions, demands, losses, costs, expenses, liabilities and damages resulting from any breach of any of the foregoing warranties or any other warranties, express or implied. VENDOR DISCLAIMS ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
- 11. OWNERSHIP OF COPYRIGHTS.** Codeword and Vendor agree that all results and proceeds of Vendor's Services under this Order, in all stages of completion, (collectively, the "Materials") have been specially ordered or commissioned by Codeword and shall be considered "works made for hire" (as such term is defined under U.S. copyright law) with Codeword being the author thereof. To the extent any Materials do not qualify as a "work made for hire" under applicable law, Vendor hereby irrevocably

and unconditionally assigns to Codeword all rights (including without limitation sublicensing rights), title, and interest in and to all such Materials. Accordingly, without limiting the generality of the foregoing, Codeword shall be deemed to own, without any restrictions or limitations whatsoever, the sole and exclusive rights to prepare derivative works based on the Materials and to reproduce, adapt, distribute, publicly perform and display, and otherwise exploit the Materials and such derivative works, by any and all means and in any and all media now or hereafter known, throughout the world and in perpetuity. To the extent any of Vendor's rights in the Materials, including without limitation any moral rights, are not capable of assignment under applicable law, Vendor hereby irrevocably and unconditionally waives all enforcement of such rights to the maximum extent permitted under applicable law.

Vendor shall execute and deliver to Codeword such additional instruments, and take such other actions, as Codeword may reasonably request to confirm, evidence or carry out the grants of rights contemplated by this Section 11; **Vendor shall obtain a valid, signed Model Release, in the form attached hereto as Exhibit A, from any person whose likeness is photographed, filmed, videotaped, recorded or otherwise individually identifiable in any Deliverable.**

Vendor's obligations under this paragraph will apply both during and indefinitely after the term of Vendor's engagement under this Agreement. Vendor hereby appoints Codeword (and its duly authorized officers and agents) as Vendor's agent and attorney-in-fact, to act in Vendor's stead to execute and deliver any such additional instrument and take such other actions, with the same legal force and effect as if done by Vendor, should Vendor for any reason whatsoever fail to promptly execute or deliver any such instrument or take such other actions as described in the first sentence of this paragraph. Vendor acknowledges and agrees that this appointment constitutes a right coupled with an interest and is irrevocable.

**12. INVENTIONS.** Vendor agrees to disclose promptly to Codeword all inventions or improvements made or conceived, either alone or jointly with others, in the performance of this Order as a direct result of the Services provided or confidential information obtained by Vendor during the performance of this Order. Vendor will upon request assign to Codeword Vendor's entire right, title and interest in and to any and all such inventions and improvements. Vendor further agrees to execute all documents and provide such other assistance as may be required for Codeword to obtain, maintain and protect patents on such inventions and improvements, or otherwise perfect its rights in and to any such inventions or improvements, and Codeword will reimburse Vendor for any expenses reasonably incurred by Vendor in so doing.

**13. MATERIALS AND TOOLS.** If Codeword furnishes Vendor with material or equipment (such as tools or information) or pays for such material or equipment, title thereto shall remain or vest in Codeword, and Vendor shall identify, maintain and preserve such material and equipment as Codeword property and shall only dispose of such material and equipment in accordance with Codeword's direction. Unless otherwise authorized in writing by Codeword, Vendor shall use such material or equipment only in the performance of orders for Codeword. Vendor shall bear all risk of loss or damage to such material or equipment until it is returned to Codeword. Upon request of Codeword, Vendor shall deliver all such materials or equipment to Codeword in good condition, normal wear and tear excepted, without cost to Codeword. Vendor waives any legal or equitable right to withhold or retain such material or equipment. Vendor shall execute a Uniform Commercial Code Financing Statement covering the material or equipment upon Codeword's request.

**14. INFRINGEMENT.** Vendor, at its expense, will defend Codeword and its clients against any claim based on an allegation that the Goods or Services (including any deliverables delivered by Vendor pursuant to such Services) infringe a patent, copyright, or trademark of another, or violate any trade secret or other proprietary interest of another and Vendor will pay any resulting costs, damages, and attorney's fees finally awarded against Codeword or its clients that are attributable to such claim and will pay the part of any settlement that is attributable to such claim; provided, that 1) Codeword notifies Vendor promptly in writing of the claim, 2) Vendor is permitted to control the defense or settlement of the claim, and 3) Codeword and its clients cooperate reasonably in such defense or settlement at Vendor's expense.

In its defense or settlement of any such claim, Vendor may 1) procure for Codeword the right to continue using the Goods and Services (or deliverables); 2) modify the Goods or Services so that use and resale of the Goods or Services deliverables become non-infringing; or 3) replace the Goods or re-perform the Services with equivalent Goods or Services not subject to such claim. Vendor will not be liable to Codeword for claims of infringement or violation based upon the sale or use of Goods manufactured according to designs furnished by Codeword.

The foregoing states the entire obligation and liability of Vendor with respect to infringement or violation of any proprietary interest of another and claims thereof.

**15. CONFIDENTIAL INFORMATION.** Vendor acknowledges that Codeword's use of the Goods or Services to be provided pursuant to this Order, and Codeword's use of Vendor as a source for such Goods or Services, constitute important trade secret information of Codeword, and Vendor agrees that it will not disclose to any third party (except to the extent that disclosure to employees of Vendor is necessary for the performance of this Order) the fact that Vendor furnished or will furnish Codeword with the Goods or Services specified herein, unless Vendor first obtains written consent thereto by an authorized representative of Codeword. All information obtained by Vendor from Codeword (including, without limitation, confidential information of a third party) which is identified as confidential or proprietary by Codeword or is acquired by Vendor under circumstances reasonably considered to impose an obligation of confidentiality shall be received in confidence, shall remain the property of Codeword, shall not be disclosed to a third party, and shall be used by Vendor only to the extent necessary for the performance of this Order. This obligation shall survive the termination or expiration of this agreement. Vendor shall deliver all data and information to Codeword upon Codeword's request or upon the completion of all work hereunder or the termination or expiration thereof, whichever shall first occur, and shall be fully responsible for the care and protection thereof until such delivery.

**16. INSURANCE.** Vendor shall, at its own cost and expense, carry and maintain sufficient insurance coverage to enable it to meet its obligations created by this Order and by law. Without limiting the foregoing, Vendor warrants that such insurance shall include the following coverage to the extent this Order creates exposures generally covered by these insurance policies: Commercial General Liability with a minimum limit of One Million U.S. Dollars (US\$1,000,000) per occurrence; and/or Errors and Omissions/Professional Liability. In addition, if any work will be performed by employees, Vendor shall be required to carry Worker's Compensation in accordance with statutory limits of coverage for any Vendor employee entering in Codeword facilities.

**17. GOVERNING LAW & COMPLIANCE WITH LAWS.** This Order shall be governed by and interpreted in accordance with the laws but not the conflict of law's provisions of the State of Oregon. The United Nations Convention on the International Sales of Items or services is explicitly excluded and will not apply to this Order. The U.S. District Court - Oregon and the state courts located within Multnomah County, Oregon, shall have exclusive jurisdiction to adjudicate any dispute arising out of this Agreement.