

COHU HD COSTAR, LLC STANDARD PURCHASE ORDER TERMS AND CONDITIONS (Revised: 7-9-15)

1 – ACKNOWLEDGEMENT OF PURCHASE ORDER: The order is Buyer's offer to Seller and when accepted either by acknowledgement or by performance, it shall become a binding contract subject to the terms and conditions hereof and shall constitute the entire agreement between Buyer and seller, and shall supersede any agreements or understanding made prior to the date of this order. This purchase order shall supersede any terms and conditions on seller's quotation.

2 – PACKING AND SHIPMENT: Deliveries shall be made as specified, without charge for boxing, crating, carting or storage unless otherwise specified and material shall be suitably packed to secure lowest transportation costs and in accordance with the requirements of common carriers. Buyer order numbers and symbols must be plainly marked on all invoices, packages, bills of lading and stripping orders. Packing list shall accompany each box of package shipment showing Buyer's order number and symbol, item number and description of materials. Buyer's count or weight shall be final and conclusive on shipments not accompanied by packing lists. Shipping receipts or bills of lading shall be sent to Buyer's Traffic Department on date material is shipped. Goods shall be packed to assure against damage from weather or transportation, invoices shall be mailed in triplicate to the attention of Buyer's Accounting Department immediately after each shipment.

3 - WARRANTY: Seller warrants that all material and work covered by this order will conform to applicable specification, drawings, samples and/or other descriptions given and will be merchantable and free from defect and workmanship and material. Unless the materials, or articles covered by this order are manufactured completely to detailed design furnished by Buyer. Seller warrants design. The warranties of the Seller, together with its service warranties and guarantees shall run to the Buyer and/or its customers.

4 - INSPECTION: All terms furnished hereunder by Seller shall be subject to inspection at destination notwithstanding any previous inspection. In addition to its rights under any other provision hereof and its remedies for any breach of this order. Buyer may reject or direct the prompt correction in place of any items which are defective in material, or workmanship or otherwise fail to meet the requirements of this order. Buyer may at Seller's expense prepare for shipment, and ship rejected items to Seller or may require Seller to remove them. If Seller fails promptly to remove defective items or to provide promptly to replace or correct them. Buyer may replace or correct such items at the expense of Seller. Seller shall not tender rejected or corrected items, unless Seller discloses the former tender and rejection. If minor corrections are required for any nonconforming items, Buyer at its option and without prior notice to Seller, may make or have made such corrections at Seller's risk and expense.

5 - DELIVERY: Except as hereinafter specified delivery shall be strictly in accordance with the delivery schedule of this order. If Seller's deliveries fail to meet such schedule with the result that Buyer elects to call upon Seller for express shipments, Seller will allow the difference between the express shipment and that called out on the purchase order. Parts fabricated beyond Buyer's releases are at Seller's risk. Invoices covering material shipped in advance of specifications will not be paid unless otherwise agreed until their normal maturity after the date specified for delivery.

6 – STATEMENT OF ACCOUNT: A statement of account must be sent to Buyer's Accounting Department as soon as possible after the last of each month. Delays in receiving statement or invoice, and also errors and omissions on statement will be considered just cause for withholding settlement without losing discount privilege.

7 – SPECIAL TOOLS:

- a) Unless otherwise herein agreed, special dies, tools and patterns used in manufacture of the articles herein ordered shall be furnished by and at the expense of Seller, shall be kept in good condition and, when necessary, shall be replaced by Seller without expense to Buyer.
- b) If the price stated on the face hereof includes separately the cost of any dies, tools and/or patterns acquired by Seller for the purpose of filling this order, such dies, tools and/or patterns shall become the property of Buyer and Seller shall to the extent leasable, identify said property as Buyers directs. When this order has been completed, such tools shall be disposed of as Buyer may direct.

8 – BUYER OWNED OR FURNISHED MATERIAL: Seller assumes complete liability for any Buyer-owned or Buyer-furnished tooling articles or materials unless furnished to Seller on a charge basis in conjunction with the Purchase Order and Seller agrees to pay for all such tooling, articles or materials spoiled by it or not otherwise satisfactorily accounted for, subject however to the provisions of Article (i) in event a Government Contract number is shown on the face of this Purchase order. Title to the aforesaid Buyer-owned or Buyer-furnished tooling, articles or materials shall at all times remain in Buyer.

9 - CHANGES: If the articles to be furnished hereunder are to be specifically manufactured in accordance with Buyer's drawings and specifications Buyer may by written order make changes in drawings or specifications. Any difference in price or time for performance resulting from such change will be equitably adjusted and the order modified in writing accordingly.

10 – ADVERTISING: Seller shall not without first obtaining the written consent of Buyer, in any manner advertise or publish the fact that Seller has furnished or contracted to furnish to Buyer the articles herein mentioned.

11 – PATENT INDEMNITY: Seller agrees to indemnify Buyer and its customers against any liability, including costs and expenses, for or by reason of any actual or alleged patent infringement arising out of the manufacture, use, sale or disposal of supplies or articles furnished under this Purchase Order, except where such supplies or articles would be normally non-infringing but are rendered infringing by reason of Seller's compliance with Buyers detail design and stated requirement for specific structure and Seller gives prompt notice of any claim of infringement related thereto.

12 – PATENT RIGHTS: Where payment is made for experimental, developmental or research work as such to be performed in accordance with special requirements of the Buyer, Seller agrees to disclose and on request to assign to Buyer each invention resulting therefrom. All proprietary rights embodied in designs, tools, patterns, drawing, information and equipment supplied by Buyer under this Purchase Order are reserved and their use is restricted to the work to be performed hereunder.

13- COMPLIANCE WITH APPLICABLE LAWS, ETC.: Seller agrees that, in the performance thereof, it will comply with all applicable laws, statutes, rules, regulations or orders of the United States Government, or any state or political subdivision thereof, and same shall be deemed incorporated herein by reference.

14- CANCELLATION: Buyer reserves the right to cancel all or any part in the undelivered portion of this order if Seller does not make deliveries as provided in this order or if Seller breaches any of the terms hereof, including the warranties of Seller. Buyer shall also have the right to terminate this order or any part thereof in the event of the happening of any of the following; insolvency of Seller; filing of a voluntary petition in Bankruptcy; filing of an involuntary petition to have Seller declared bankrupt provided it is not vacated within thirty (30) days from the date of filing; the appointment of a receiver or trustee for Seller, provided such appointment is not vacated within thirty (30) days from the date of such appointment; the execution by Seller of an assignment for the benefit of creditors. The remedies provided in this section shall be cumulative and additional to any other further remedies provided in law or equity. Buyer may terminate this order for Seller's default, or for Buyer's convenience, in addition to the foregoing, in accordance with ASPR 8-706 or ASPR 8-707.

15- TERMINATION FOR CONVENIENCE OF PURCHASER:

Purchaser reserves the right to terminate this order or any part hereof for its sole convenience. In the event of such termination, Seller shall immediately stop all work hereunder, and shall immediately cause any of its suppliers or subcontractors to cease such work. Seller shall be paid a reasonable termination charge consisting of a percentage of the order price reflecting the percentage of the work performed prior to the notice of termination, plus actual direct costs resulting from termination. Seller shall not be paid for any work done after receipt of the notice of termination, nor for any costs incurred by Seller's suppliers or subcontractors which Seller could reasonably have avoided.

16- ASSIGNMENT: Seller may not assign this Purchase Order, or any portion thereof, except that Seller may, upon the prior written consent of Buyer, assign claims for monies due or to become due hereunder, provided in such event. Seller shall supply Buyer promptly with two copies of any such assignment, and provided further that payment to an assignee of any claim hereunder shall be subject to setoff or recoupment for any present or future claim or claims which Buyer may have against Seller.

17- SUBCONTRACTING: Seller agrees to obtain Buyer's approval before subcontracting this order or any substantial portion thereof, provided, however, that this limitation shall not apply to the purchase of standard commercial supplies or raw material.

18- SECURITY REGULATIONS: Seller agrees that prior military security clearance will be obtained by any of its personnel requiring access to Buyer's plant premises for the purpose of performing the work covered by this Purchase Order.

19- FAIR LABOR STANDARDS ACT: By execution of this Purchase Order, Seller certifies that these goods will be produced in compliance with all applicable requirements of Section 6, 7 and 12 of the Fair Standards Act of 1938, as amended and lawful regulations and orders of the Administrator of the Wage and Hour Division issued under Section 14 thereof.

20- DECLARED VALUE: Seller shall not declare value of or insure Buyer's freight in excess of the carrier's stated standard liability without authorization from Buyer.

21- PAYMENT TERMS -Buyer payment terms are net 45 from receipt of correct invoice, unless Buyer and Seller has an agreement otherwise in writing.

22- CERTIFICATES OF COMPLIANCE- For any items purchased via a Cohu spec. control drawing, Seller shall provide a C of C with shipment. 1st articles may apply.

23- CONFLICT MINERALS:

Seller warrants that, to its knowledge after reasonable inquiry, no tantalum, tin, tungsten and/or gold ("Conflict Minerals"), contained in any good subject to this order,

originated from Angola, Burundi, Central African Republic, Democratic Republic of the Congo, Rwanda, South Sudan, Uganda, United Republic of Tanzania, The Republic of the Congo or Zambia, unless the Conflict Minerals were processed by a facility listed as compliant pursuant to the EICC-GeSI Conflict-Free Smelter Program. Seller agrees to abide by the terms and conditions in Purchaser's Conflict Minerals Policy, and to define, implement and communicate to its sub-suppliers its own policy outlining its commitment to responsible sourcing, legal compliance and measures for implementation. Seller agrees to cooperate and work with its sub-suppliers to ensure traceability of Conflict Minerals at least to smelter or refiner level, to maintain and record all Conflict Minerals traceability documentation for five years, and to provide such documentation to Purchaser upon request.

WHEN GOVERNMENT CONTRACT NUMBER IS INDICATED ON THE PURCHASE ORDER, THE ORDER IS SUBJECT ALSO TO THE FOLLOWING ADDITIONAL TERMS AND CONDITIONS:

(a) **EQUAL EMPLOYMENT OPPORTUNITY.** The Seller performing the work required by this order shall comply with:

The Equal Employment Opportunity clauses Section 202 of Executive order 11246, as amended, related to equal employment opportunities and implementing rules and regulations of the Secretary of Labor and Section 503 of the Rehabilitation Act of 1973 as amended and implemented by 41 CFR Part 61-741: Section 402 of the Vietnam Era Veterans Readjustment Assistance Act of 1974 and as implemented by 41 CFR Part 60-250

(b) **PATENT RIGHTS:** If this Purchase Order has experimental, developmental or research work as one of its purposes, there shall be deemed to be incorporated herein by reference Armed Services Procurement Regulation, Section IX, paragraphs 9-107.1 (Patent Rights) 9-107.2 (Contracts Relating to Atomic Energy), and 9-202 (Copyright), as currently amended. Seller agrees to comply and to place Buyer as "Contractor" in position to comply, with said paragraphs insofar as said paragraphs apply to inventions, improvements, discoveries, and copyrighted or copyrightable material arising under this Purchase Order.

(c) **Subcontracting:** No subcontract shall be made with any other party for furnishing any of the completed or substantially completed prices, spare parts or work herein contracted for without the approval of the Buyer and an appropriate Government representative as to source.

(d) **INSPECTION AND AUDIT:** The Seller agrees that its books and records and its plant or such parts thereof as may be engage in the performance of this Purchase Order shall at all reasonable times be subject to inspection and audit by any authorized representative of the United States Government.

(e) **LIMITATION OF PROFIT:** Seller warrants that as far as same may be applicable hereto, it will comply with the Vinson Trammel Act as amended and extended (34 U.S.C. 496 and U.S.C. 311) relating to profit limitations on certain Government contracts and subcontracts, and with other Government statutes, rules and regulations on the subject.

(f) **GOVERNMENT OWNED PROPERTY:** In the event any tooling, articles or materials of any type designated as Government Property or as Government owned, is furnished to Seller hereunder or in connection herewith. Seller assumes complete liability therefore unless otherwise provided on the face of this Purchase Order.

(g) **RECORDS:** Seller agrees that the Comptroller General of the United States or any of his duty authorized representatives shall, until the expiration of three years after final payment under this Purchase, have access to and the right to examine any directly pertinent books, documents, papers, and records of seller, involving transactions related to this Purchase Order.

(h) **ADDITION PROCUREMENT REGULATION:** The below indicated Armed Services Procurement Clauses are hereby incorporated and made a part of this Purchase Order by this reference.

1. Small Business Concerns (ASPR 1-707.3)
2. Labor Surplus Areas (ASPR 1-805.3)
3. Buy American Act (ASPR 6-104.5)
4. Inspection (ASPR 7-103.5)
5. Renegotiations (ASPR 7-103.13)
6. Officials Not to benefit (ASPR 7-103.19)
7. Covenant Against Contingent Fees (ASPR 7-103.20)
8. Notice of labor Disputes (ASPR 7-104.4)
9. Military Security Requirements (ASPR 7-104.12)
10. Priorities (ASPR 7-104.18)
11. Convict Labor (ASPR 12-203)
12. Eight Hour Law of 1912 (ASPR 12-303.1)
13. Walsh Healy Act (ASPR 12-604)
14. Rights in Data (ASPR 9-203.1)
15. Termination (ASPR 8-706)

Wherever in the above clauses except (14) the "Contracting Officer" and/or "Government" appear the words "and the Buyer" shall be incorporated by this reference and wherever the word "Contractor" appears it shall mean the Seller.