

1. **Prevailing Terms:** The Terms and Conditions as listed below are exclusive and cannot be altered by any other terms and conditions appearing on Purchaser's purchase order or elsewhere and apply to all quotations made and orders accepted by Seller unless expressly agreed by Seller to the contrary on the face of the order acknowledgement or quotation, or as provided in Section 10 hereunder. These terms and conditions apply to Seller's price quotations and sales orders in which it is clearly stated that the prices therein are based on manufacturing at an offshore site.

2. **Pricing and Terms:** Purchaser shall pay the price stated in the Quotation accompanying these Terms and Conditions or if no such quotation is provided, the Seller's published price for the goods at the time of shipment less any applicable discounts or other net prices that may be in effect at the time. Our Terms and Conditions are also shown on our web site. Unless otherwise stated, all prices are based on ocean freight from the offshore factory to Seller's factory in Sugar Land, Texas, U.S.A. Should Purchaser require Seller to expedite the shipment, customer shall be responsible for any additional charges for airfreight shipment and related services. All prices are F.O.B. Houston unless otherwise agreed to in writing by Seller. All orders are subject to Seller's written acceptance and to approval of Purchaser's creditworthiness, which may be subject to change before or after acceptance.

3. **Payment:** Purchaser agrees to pay Seller for the goods within thirty (30) days after the date of Seller's invoice or as otherwise required by Seller. Interest at the rate of 18% per annum (1½% monthly) or the maximum interest rate permitted under Texas law, whichever is less, will be charged on all amounts not paid when due. In the event Seller is required to seek the aid of any attorney for collection under this Quotation, Purchaser agrees to also pay reasonable attorneys' and other fees (not less than 10% of the delinquent amount plus court costs). Payment shall be made to the Seller at the address stated in the Invoice. Shipping address shall be deemed the place of performance.

4. **Shipment of Goods:** Method and route of shipment is at Seller's discretion. Seller will endeavor, but is not obligated, to use the most economical method of shipment. Seller will seek to comply with explicit shipping instructions provided to Seller in writing at least 5 days prior to shipment, but Seller's failure to comply with such instructions shall result in no liability to Seller.

a. **Shipment Dates:** All shipment dates are approximate. The estimated shipping schedule is Seller's best estimate based upon current inventory commitments.

b. **Force Majeure:** Seller shall not be liable or responsible in any way for any failure or delay in manufacturing, delay in shipment arising from causes beyond its control including, but not limited to, the outbreak of war, governmental regulations or actions, demands by any governmental authority, delay by customs or any other governmental department, restraining orders of any judge or court, fire, flood, strike or other labor disputes, failures of suppliers or subcontractors or other third parties, accidents, or material shortages. The happening of any contingency beyond the Seller's reasonable control shall not constitute cause for cancellation of the Purchaser's order, but shall extend the Seller's time to ship goods for a period equal to the duration of such contingency.

c. **Freight Costs:** Purchaser will pay all freight costs incurred, including any costs associated with specific routing and special handling. Seller reserves the right to make partial shipments and will pay any additional freight charges incurred as a result of partial shipments made for Seller's convenience.

d. **Risk of Loss:** All right and title to the goods pass to Purchaser when such goods are delivered to the carrier and shall in no manner diminish Purchaser's obligation to pay Seller. All claims, damages, costs or other requests related to damage in transit, shortage, non-delivery or similar losses must be filed and settled by Purchaser with such carrier and shall in no manner diminish Purchaser's obligation to pay Seller.

e. **Drop Shipment:** Seller may, in its discretion, make drop shipments to Purchaser's customers at the request of Purchaser. Purchaser shall reimburse Seller for all shipping charges and other expenses in connection therewith.

f. **Rescheduling:** Purchaser can not reschedule and delay a shipment already in production or transit and the Purchaser agrees to accept delivery of such shipment as originally scheduled or submit full payment thereof.

5. **Additional Charges:** Prices quoted are based upon and apply to, the quantity reflected on Sellers' order acknowledgement. Orders for goods may be cancelled only with the written consent of the Seller and payment of a cancellation and restocking charge reflecting Seller's loss of profits and losses on cancellation as provided below. Purchaser shall be responsible for any cancellation charges, work-in-progress costs or other costs relating to goods or products purchased from third parties that cannot be returned or if returned are subject to a restocking charge. Purchaser further agrees that if Seller allows a cancellation of any order, in whole or in part, Purchaser will pay all appropriate restocking or cancellation charges and if such charges are designated in advance in this document the Purchaser agrees and represents that such amounts are reasonable.

6. **Returned Good and Non-Conforming Goods:** Goods purchased pursuant to this Quotation may be returned for repair and replacement only upon receipt of authorization from Seller, which shall provide return material authorization numbers to assure correct identification of, and appropriate credit (if any) to, the Purchaser. Seller may refuse to accept a return of goods if the return is not based upon a warranty claim as provided in Paragraph 8. Specially ordered goods and goods obtained from offshore factories may not be returned unless they do not conform to the order or a warranty claim is made. All goods must be returned freight pre-paid. NO GOODS WILL BE ACCEPTED WITHOUT PRIOR AUTHORIZATION. A restocking fee of twenty percent (20%) will be charged on all standard goods accepted by seller for credit or refund provided such goods were shipped within six months of the request for return, are in unopened packages, and are in good and saleable condition. Acceptance of such return of standard goods is at seller's discretion.

All goods returned to Seller under terms of this provision will be credited to Purchaser using a formula of, "Base Price minus Restocking Charges", where (a) Base Price will be determined by the lower of (i) the original net invoice price to Purchaser (net price after

rebates), or (ii) the current net price of the product returned; and (b) the Restocking Charge will be the greater of (i) \$10 per unit, (ii) 20% of the Base Price, plus (c) the sum of any and all refurbishment and other costs incurred by Seller in returning such units to safety, functional and cosmetic conditions which meet Seller's standards.

Notwithstanding the foregoing, goods ordered by Purchaser and acquired by Seller from third-party sources or off-shore plants and goods manufactured or assembled by Seller pursuant to Purchaser's specification shall be returnable only if such goods fail to conform to Purchaser's specifications. Goods acquired from third-party sources or off-shore plants shall be considered conforming if they meet or exceed industry specifications for similar or like items. Specially manufactured or assembled goods shall be considered conforming if they meet or exceed Seller's specifications. Purchaser must give notice to Seller of any such defect or non-conformity in writing and in detail within fifteen (15) days of receipt of the goods or Purchaser's rights of claims to defects or non-conformance is waived. If notice is timely given, then upon authorization by the Seller for return, the goods may be returned by the Purchaser freight pre-paid. Purchaser must give notice to Seller of any non-conformity regarding the type of items shipped or the quantity shipped in writing. If credit and/or replacement of the returned goods is approved by the Seller, the Purchaser must return the goods to Seller within fifteen (15) days of the Seller's acknowledgement for return. Acceptance of the return merchandise or acknowledgement to return the merchandise shall not be deemed a concession or acknowledgement of defect or non-conformity by Seller. If Seller determines that in fact the goods are non-conforming or defective, then at Seller's option, Seller shall either credit Purchaser for the cost thereof, return the goods to the supplier for rework or replace the goods. If the defect or non-conforming nature of the goods is not as a result of the fault of Seller then Purchaser shall be liable for the cost of rework or replacement and all associated costs therewith including but not limited to transportation and inspection fees. Time is of the essence in these terms and conditions.

7. **Limitation of Liability:** Purchaser agrees that regardless of the claim or the form in which any legal or equitable action may be brought by the Purchaser against Seller, Seller shall not be liable for any indirect, special, consequential or exemplary damages, including but not limited to loss of profits or revenues, promotional or manufacturing expenses, labor expenses, overhead, injury to reputation, loss of customers or any other matters. Purchaser's recovery from Seller for any claim shall not exceed Purchaser's purchase price for the goods irrespective of the nature of the claim, whether in contract, tort, warranty, or otherwise. Failure to give Seller notice of any claim of apparent defect or non-conformance with the order or specifications within 30 days from the date of delivery or the date fixed for delivery (in the case of non delivery) shall constitute a waiver by Purchaser of all claims in respect of such goods. Purchaser's exclusive remedy for Seller's breach hereunder shall be to return the goods to Seller and to receive a refund of the purchase price or, at Seller's option, to receive goods reworked to make them conforming or to receive new product.

8. **Warranty.** Seller warrants the goods sold shall be free from defects for a period of twelve (12) months from the date of delivery to purchaser or customer. SELLER SPECIFICALLY DISCLAIMS ALL WARRANTIES EXPRESSED OR IMPLIED INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ITS INTENDED PURPOSE. SELLER WARRANTS THAT THE GOODS CONFORM TO THE SPECIFICATIONS DELIVERED TO PURCHASER PROVIDED THAT ANY CLAIM OF NON-COMFORMANCE IS MADE WITHIN THE TIMES SPECIFIED HEREIN. ANY MODEL OR SAMPLE SHOWN TO PURCHASER WAS USED MERELY TO ILLUSTRATE THE GENERAL TYPE AND QUALITY OF GOODS AND DOES NOT TO REPRESENT THAT THE GOODS WOULD NECESSARILY CONFORM TO THE MODEL OR SAMPLE.

9. **Acceptance of Purchaser's Order:** ACCEPTANCE OF THE PURCHASER'S ORDER DOES NOT CONSTITUTE ACCEPTANCE OF THE PURCHASER'S TERMS AND CONDITIONS OF SALE QUOTED THEREIN unless said terms are (i) manually typed (not printed) on Purchaser's order and (ii) specifically authorized and accepted by the written consent of the Seller. Failure of Seller to object to the terms and conditions in Purchaser's order shall not constitute their acceptance.

10. **Taxes:** All taxes, excises or other charges Seller may be required to pay to any Government (national, state, or local) upon the sale, production or transportation of the goods are the sole obligation of Purchaser. To the extent Seller pays or collects any such tax, excise or other charge, Purchaser shall reimburse Seller.

11. **Notice:** Notice shall be deemed effective when received or refused if sent to the other party at the address provided on the accompanying Quotation by pre-paid, certified mail, return receipt or verification of delivery request.

12. **Applicable Law:** Any agreement arising from this Quotation, Purchaser's purchase order, Seller's order acknowledgement, or the actions of Seller and Purchaser, shall be governed under the laws of the State of Texas.

13. **Non-Assignment:** Purchaser may not assign his rights of receiving goods from the Seller without the prior written consent of the Seller. Such consent, if given, will not relieve Purchaser of its primary obligation of payment.

14. **Complete Agreement:** These Terms and Conditions, the Purchaser's purchase order, and Seller's order acknowledgement, set forth herein together with any documents specifically incorporated herein constitute the entire agreement between Purchaser and Seller with respect to any order and supersedes completely any oral or written communications.