

KATZKIN LEATHER, INC. TERMS & CONDITIONS OF SALE

GENERAL TERMS: 1. All purchases are subject to the following terms and conditions ("TERMS"). Any deviation from these TERMS shall not be binding unless acknowledged in writing by an authorized representative of Katzkin Leather, Inc. (together, with its affiliates and/or subsidiaries, "SELLER"). **BY PURCHASING PRODUCTS FROM SELLER, BUYER CONFIRMS THAT IT UNDERSTANDS, ACCEPTS AND AGREES TO BE BOUND BY THESE TERMS.**

2. These TERMS are not a distribution, franchise, agency or supply agreement and confer no rights to exclusivity upon BUYER. Neither party is bound to effect any purchase or sale of any of SELLER'S products except to the extent BUYER places, and SELLER accepts, an order in accordance with these TERMS.

3. A waiver by SELLER of a breach of any term or condition shall not be deemed a waiver of similar terms or conditions in the future.

4. These TERMS constitute an offer by SELLER to sell goods to BUYER and shall supersede any terms or conditions contained in BUYER'S purchase order. SELLER'S acceptance of any order is limited to these TERMS. SELLER objects to any additional or different terms which may be contained in any of BUYER'S purchase order, acknowledgment or other forms or correspondence. Except as otherwise expressly agreed by SELLER in writing, these TERMS, along with any Seller policies concerning resale of the goods (see www.katzkintoolbox.com/BrandGuidelines and www.katzkintoolbox.com/MAP) which are expressly incorporated by reference, when accepted by BUYER explicitly, by acceptance of goods or services or otherwise, shall constitute the entire agreement between SELLER and BUYER on the subject hereof, superseding all prior oral or written communications and negotiations.

5. **BUYER expressly agrees to comply with all Seller policies concerning sale of the goods.** See www.katzkintoolbox.com/BrandGuidelines and www.katzkintoolbox.com/MAP. If BUYER is an authorized dealer and has a fully signed Agreement currently in effect with SELLER, that Agreement, as modified by any such policies, shall govern in the event of a conflict with these TERMS. All other TERMS herein shall apply.

CANCELLATION/CHANGE: BUYER'S purchase order is not subject to cancellation, change, reduction in amount, suspension or deferment of deliveries except with SELLER'S written consent and upon terms which indemnify SELLER against loss.

DELIVERY: Delivery dates are quoted in good faith, but are not guaranteed. SELLER cannot assume any risk or liability for delay or nonfulfillment of shipments due to acts of God, war, strikes, breakdown, fires, government orders, epidemics or other causes beyond SELLER'S control.

DESIGN CHANGES: Except as otherwise agreed expressly between the Parties, SELLER may at any time furnish goods that include changes in design and construction of such goods as shall constitute an improvement in the judgment of SELLER. SELLER may furnish suitable substitutes for materials unobtainable because of priorities or regulations established by governmental authority or non-availability of materials from suppliers.

ERRORS AND OMISSIONS: SELLER reserves the right to correct clerical errors and omissions.

GOVERNMENT REGULATIONS: 1. Manufacture, shipment, and delivery are subject to any prohibition, restriction, priority, allocation, regulation or condition imposed by, or on behalf of, the United States.

2. BUYER agrees that it shall comply with all applicable import, export, and anticorruption statutes and regulations of the United States. BUYER agrees to indemnify and hold harmless SELLER from all claims, demands, damages, costs, fines, penalties, attorneys' fees and all other expenses arising from BUYER'S failure to comply with this provision and/or applicable export control laws and regulations.

INTELLECTUAL PROPERTY: 1. Nothing herein is intended to grant any rights to BUYER under any patent, trademark, trade secret, or copyright of SELLER. BUYER shall acquire no rights or interests in any of SELLER'S products, property, or intellectual property, except the limited right to use SELLER'S trademarks to identify itself as an authorized seller/installer of SELLER'S products if BUYER is an authorized reseller.

2. These TERMS, prices, and data contained in a quotation or describing SELLER'S products or processes are proprietary and shall only be disclosed to members of BUYER'S organization with a need to know. Upon request BUYER shall return any printed or software based proprietary data to SELLER.

LIMITATION OF ACTION; JURY WAIVER: 1. Except for claims arising from BUYER'S non-payment or underpayment of amounts owed to Seller, any and all claims arising out of or related to these Terms, or any agreement related to these Terms or executed concurrently with this Agreement, or the relationship of the parties shall be barred unless a judicial proceeding is commenced within one (1) year from the date the complaining party knew or should have known of the facts giving rise to such claim, or the statute of limitations applicable to that claim under California law, whichever is shorter.

2. SELLER AND BUYER IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, ARISING UNDER THIS AGREEMENT.

PAYMENT: 1. Unless otherwise agreed by SELLER, payment is due in U.S. dollars. If BUYER fails to make payments when due, SELLER may at its option, cancel the unshipped balance of any order and seek other remedies in equity or law.

2. Orders received from buyers with delinquent accounts will not be shipped until overdue balances have been paid. A service charge of 1.5% per month will be added to all past due amounts.

3. BUYER shall reimburse SELLER for any costs incurred in collection of amounts owed, including reasonable attorneys' fees and costs.

PRICES: Prices are those in effect on date of order.

PURCHASES FOR RESALE: If BUYER is purchasing products for resale or as an authorized installer of SELLER'S products, BUYER agrees as follows:

1. BUYER represents and warrants to SELLER and its and/or SELLER'S customer that:

(a) the installation of the products ("Work") shall be performed in a professional and workmanlike manner in accordance with applicable professional standards; (b) BUYER shall have sufficient skill, knowledge and training to perform the Work; and (c) BUYER has the right and authority to enter into this agreement and to conduct its activities as contemplated by this agreement. If BUYER breaches the representations and warranty set out in this section, BUYER shall use reasonable commercial efforts to remedy the non-conforming Work, and take all other actions as may be reasonably required to cure all defects and/or bring the Work into conformity with the representations and warranty in this section at no additional cost to SELLER or its customer or end-user.

2. Except to the extent that Damages (as defined below) arise out of a defect in a product, BUYER shall defend, indemnify, and hold SELLER and its agents, officers, affiliates, directors, shareholders, and employees (each an "Indemnified Party") harmless against and from any and all actions, suits, liabilities, settlements, losses, damages, charges, costs, fines, penalties, attorneys' fees, and all other expenses (including, without limitation, liabilities for product repair or replacement (including labor)) (collectively, "Damages") relating to or arising in connection with any and all claims relating to or arising out of (a) BUYER'S obligations under these Terms or installation of the products; (b) BUYER'S negligence or willful misconduct, (c) BUYER'S unauthorized statement about the use or characteristics of products, including any express warranty made in addition to SELLER'S limited warranty, or (d) unauthorized modification or misuse of, or tampering with, products by BUYER or any of its representatives. BUYER'S obligation to indemnify, defend and hold SELLER harmless under this section will not (i) apply to the extent the Damages arise out of the negligence, fraudulent or unlawful acts of an Indemnified Party or (ii) be limited in any way by the amount or type of insurance carried or required to be carried by Buyer under these TERMS.

3. BUYER shall procure at its expense and maintain at all times insurance policies insuring it, and its properties and business, against such losses and risks, and in such amounts, as are customary, including: workers compensation (statutory limits), Employer's Liability, Commercial General Liability (covering premises, property damage, contractual liability, operations, independent contractors, products/completed operations, bodily injury), and Automobile Liability. BUYER agrees to provide SELLER with satisfactory evidence of insurance coverage upon request and notify Seller immediately of any changes in insurance coverage.

4. BUYER shall make available to each customer a copy of SELLER'S standard warranty and shall make no other warranties.

RETURNS: Returned goods will not be accepted without SELLER'S authorization and, if authorized for return, are subject to a 15% restocking fee.

SECURITY INTEREST: BUYER grants to SELLER a security interest in the goods sold until BUYER has completed payment of the purchase price, plus accrued interest, and fully performed all of the other terms hereof. BUYER agrees to execute and deliver such financing statements as SELLER may reasonably consider appropriate to perfect its security interest. SELLER may file these Terms as a financing statement.

SEVERABILITY: If any of the provisions of these TERMS are held by a court or other tribunal of competent jurisdiction to be void or unenforceable, such provisions shall be limited or eliminated to the minimum extent necessary and replaced with a valid provision that best embodies the intent of these TERMS, so that these TERMS shall remain in full force and effect.

SHIPPING AND HANDLING: All orders are shipped FOB Katzkin's shipping point, unless otherwise specified. Shipping and handling charges are not included in prices quoted and will be added to invoice. Unless otherwise agreed, risk of loss of the goods shall pass to BUYER at the time the goods are tendered for shipment. Any damaged freight or missing items claim must be made directly to carrier on P.O.D.

SUBMISSION TO JURISDICTION & VENUE; GOVERNING LAW: 1. Any action or proceeding to enforce any provision of, or based on any right arising out of, this agreement shall be brought in the state or federal courts located in California, and each of the parties consents to the exclusive jurisdiction of such courts in any such action or proceeding and waives any objection to venue, including any defense of inconvenient forum. A final judgment in any action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by law or at equity.

2. This Agreement shall be governed by the laws of California without giving effect to any choice or conflict of law principle, provision or rule, whether of California or any other jurisdiction that would cause the application of the laws of any jurisdiction other than California. The United Nations Convention on the International Sale of Goods shall not apply to this Agreement.

TAXES: SELLER'S prices exclude any applicable taxes.

WARRANTIES AND LIMITATION OF REMEDIES: 1. The warranty and limitation of remedies applicable to the goods sold pursuant to these Terms are set forth at www.katzkintoolbox.com/Warranty, and hereby incorporated by reference. THOSE WARRANTIES AND REMEDIES ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES AND REMEDIES, EXPRESS OR IMPLIED. SELLER EXPRESSLY DISCLAIMS ANY AND ALL OTHER WARRANTIES WHATSOEVER, INCLUDING WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

2. IN NO EVENT WILL SELLER BE LIABLE TO BUYER FOR ANY INDIRECT, CONSEQUENTIAL, EXEMPLARY, INCIDENTAL OR PUNITIVE DAMAGES, INCLUDING LOST PROFITS, CLAIMS OF THIRD PARTIES OR INJURY TO PERSONS OR PROPERTY EVEN IF SELLER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.