

1. General. These General Terms and Conditions of Sale ("Terms") for Bentley Mills, Inc. ("Seller"), are applicable to all quotes, offers, shipments, and sales by which Seller delivers to its customer ("Buyer") products ("Products") (together with these Terms, hereinafter collectively referred to as the "Agreement"). Any and all additional terms proposed by Buyer in any purchase order or other form agreement or invoice are hereby rejected and are not a part of the Agreement without need of further notice of rejection and shall be of no effect nor in any circumstances binding on Seller. Fulfillment of Buyer's order does not constitute acceptance of any of Buyer's terms and conditions and does not serve to modify or amend these Terms. Seller's acceptance of any order offered by Buyer is expressly made conditional on Buyer's assent to these Terms, and under no circumstances will any terms other than these Terms apply to Seller's sale of the Products. Notwithstanding the foregoing, if a written contract signed by both parties is in existence covering the sale of the Goods covered hereby, the terms and conditions of said contract shall prevail to the extent they are inconsistent with these Terms.

2. Quotations, Offers and Confirmation of Orders. Offers and quotations are made without commitment for Seller. Seller is bound only by written confirmation of orders or Seller's delivery in response to an order. Offers made by Seller are binding only for the duration stated in the offer. Seller's failure to respond to Buyer's order within two (2) weeks after receipt of the order shall be a rejection of the order. All references in sales brochures, technical data sheets and offers as to specifications, price and other details of the Products are approximate and shall not be binding on Seller unless expressly agreed to in writing.

3. Delivery and Risk. Unless otherwise agreed in writing, the delivery shall be FOB Seller's warehouse ("Delivery Point"). Risk of loss or damage of the Products shall pass to Buyer upon completion of delivery of the Products at the Delivery Point. Unless otherwise agreed in writing by Seller, the shipment/delivery dates quoted by the Seller are a best estimate only and without commitment. Seller can, at any time, unilaterally decide to revert to partial deliveries. Under no circumstances shall Buyer be entitled to damages or compensation of any kind or nature associated with Seller's delay in shipment or delivery. If shipment or delivery is delayed as a result of Buyer's request or inaction, Seller shall have the right to charge reasonable storage costs to Buyer.

4. Retention of Title. (i) Title to and property of the Products shall remain vested in Seller (notwithstanding the delivery or possession of the same and the passing of the risk to the Buyer) until such time as the full price in principal and accessories (interest for late payment and any other payments due) and all other sums owed by Buyer to Seller or its assignee for delivered Products are paid in their entirety (even if the right to pay in instalments has been granted). (ii) During that time, Buyer shall hold the Products in a fiduciary basis for Seller, with utmost good faith, and Buyer shall insure the Products and shall use such procedures as are necessary and customary to identify and store the Products as the property of Seller in such a manner that they cannot be confused with any other similar products sourced from other suppliers and that they are readily identifiable as Seller's Products. Until title to the Products passes to Buyer, Buyer must keep the Products free of any lien, pledge or encumbrance of whatsoever nature. (iii) Until such time as the price is fully paid, Buyer may resell the unpaid Products in accordance with its normal business activities but Buyer and third-party buyer shall refrain from transforming or incorporating the unpaid Products. Buyer will ensure that the third-party buyer complies with this provision. In the case of resale of the Products by Buyer to a third-party buyer and as long as Buyer has not fully discharged his debt to Seller or its assignee, Buyer shall act as Seller's agent in respect of such unpaid Products and shall account to Seller for that part of the sale price which

is attributable to such Products. To the maximum extent permissible under applicable law, Buyer assigns to Seller all claims for payment resulting from the resale on credit of the Products whose purchase price has not been paid to Seller at the moment of said resale. To allow Seller to make fully use of the rights granted by this clause, Seller or its representatives shall be entitled to access Buyer's premises to inspect Buyer's stock, books of account, invoice books, order books and any other relevant administrative, financial and/or accounting document. In case of non-payment within the agreed payment term, Seller has the right to request the return of the Products at Buyer's expense and risk. The Products the holds in stock are presumed to be the unpaid Products. In any case, the parties agree that the Products are fungible Products allowing Seller to exercise its retention of title clause with regards to all Products similar to those that remain unpaid and that the Buyer holds in stock. (iv) The above provisions are without prejudice to the transfer to Buyer, on delivery, of the risks of loss or damage of the Products according to the applicable Incoterm®, as provided for in the Agreement. (v) If any Products are delivered to Buyer to a country where the law or jurisdiction in which they are delivered does not recognize the retention of title by Seller, but under such law the Seller is entitled to reserve such other rights in the Products to protect Seller's position, then Seller shall be entitled to exercise such rights and the Buyer shall be bound to take all such steps as are necessary or requested by Seller to ensure such rights can be exercised by Seller.

5. Prices and Payment. The price for the Products shall be the price as communicated by Seller to Buyer, such price being quoted in U.S. Dollars unless otherwise expressly indicated. Unless explicitly agreed otherwise, the price of the Products is exclusive of all costs and charges of insurance, handling, freight and taxes. All payments shall be made in advance of shipment unless otherwise specified in an applicable invoice. If an invoice specifies that payment shall be made other than in advance, and payment is not paid in full within the time period specified on the invoice, then Seller shall be entitled to charge interest on the delinquent invoice at a rate equal to the lesser of (i) 18% per annum, or (ii) the highest rate permitted by applicable law. The foregoing shall be in addition to and not in lieu of any other remedies Seller may have at law or in equity for such delinquency. Delinquency in payment of an invoice makes all outstanding invoices due. Buyer shall have no right of set-off against the amounts due hereunder.

6. Inspection and Acceptance. Buyer may provide written notice of acceptance of the Products to Seller. However, in the absence of Buyer's written acceptance, acceptance shall be deemed to occur three (3) days after delivery of the Products to Buyer (or buyers of Buyer in the case of a dropped shipment to such buyers by Seller) (the "Inspection Period"). If Buyer does not notify Seller of any defects or non-conformities within the Inspection Period, the Products shall be deemed accepted by Buyer, and Buyer shall be deemed to have waived any claim relating to defects or non-conformities in the Products that would have been apparent upon a reasonable inspection of the Products. If any Products covered by the purchase order are determined by Buyer during the Inspection Period to be defective or otherwise not in conformity with the requirements of the purchase order, Buyer will promptly notify Seller of such defects or non-conformities and either return the applicable Products to Seller or dispose of the applicable Products at Seller's request, direction and expense. In such event, Seller shall, at its option, either (a) refund or credit the full purchase price paid for the non-conforming or defective Products; or (b) replace the non-conforming or defective Products with conforming Products without defects. The foregoing shall be the sole and exclusive remedy of Buyer for nonconforming Products. In no event is Buyer entitled to retain payments due Seller, except upon the written consent of Seller.

7. Taxes and Other Levies. Prices do not include any taxes. Buyer is responsible for payment of all applicable state and local taxes or for providing a valid sales tax exemption certificate. The prices referenced herein do not include, and Buyer agrees to pay all sales, use, ad valorem, excise, withholding and other governmentally imposed levies, taxes, duties, and other assessments, however designated or levied, and whether levied by city, state, federal or other entity for or related to the Products provided under this Agreement and pursuant to this Agreement (exclusive of taxes based on the net income of Seller). Buyer shall hold Seller harmless from all claims and liability arising from Buyer's failure to pay such taxes and other levies and amounts, including all reasonable attorneys' fees, penalties and fines.

8. Allocation of Risk; Survival. The parties agree that this Agreement reflects an appropriate allocation of risks between the parties which specifically includes the warranties, exclusive remedy and limitation of liability described below. Buyer fully recognizes that any modification of such risk allocation would affect the prices charged by Seller and in consideration thereof Buyer agrees to such risk allocation. The limitation of liability set forth below shall survive and continue in full force and effect despite any failure of an exclusive remedy.

9. Ownership. Buyer acknowledges that Seller owns or has the right to distribute the Products and that all right, title, and interest to all copyrights, trademarks, service marks, logos, patents, and other intellectual property rights pertaining thereto are and shall remain exclusively vested in Seller or its licensor(s). Unless expressly agreed otherwise by Seller in writing, Buyer shall not display the Products for resale without displaying Seller's trademark in association therewith, and Buyer shall only display such trademark(s) in the manner which is approved by Seller.

10. Purchase Money Security Interest. Buyer hereby grants to Seller a lien on and security interest in and to all of the right, title and interest of Buyer in, to and under the Products, wherever located, and whether now existing or hereafter arising or acquired from time to time, and in all accessions thereto and replacements or modifications thereof, as well as all proceeds (including insurance proceeds) of the foregoing. The security interest granted under this clause constitutes a purchase money security interest. Buyer agrees to perfect, complete and consummate, and authorizes Seller to perfect, complete and consummate, such security interest for the benefit of Seller in accordance with the relevant and applicable laws. Buyer irrevocably authorizes, names, appoints and directs Seller as its true and lawful attorney-in-fact to sign, execute and file any and all relevant financing statements, continuation statements and any other documentation as Seller deems to be reasonably necessary to effect, protect and continue Seller's security interest.

11. Warranty. The Products supplied to Buyer are warranted in accordance with Seller's standard warranty in effect for the Products at the time Buyer's order is accepted by Seller pursuant to the Agreement. A copy of the standard warranty for the Products may be obtained directly from Seller. Should any Products covered by the standard warranty prove defective during the warranty period, Buyer shall notify Seller in writing of such defect promptly, but in no event later than the expiration of the warranty period. THE WARRANTY IS EXPRESSLY IN LIEU OF AND EXCLUDE ALL OTHER WARRANTIES, REMEDIES AND LIABILITIES, WHETHER EXPRESS OR IMPLIED. SELLER MAKES NO OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AND HEREBY DISCLAIMS ANY AND ALL OTHER WARRANTIES THAT MAY ARISE BY OPERATION OF LAW, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF ANY GOODS FOR ANY PARTICULAR PURPOSES. BUYER ACKNOWLEDGES THAT IT

IS A SOPHISTICATED PARTY TO THIS AGREEMENT AND RECOGNIZES THAT THIS PROVISION IS AN INTEGRAL PART OF SELLER'S PRICING AND AN IMPORTANT FACTOR IN ITS WILLINGNESS TO SELL THE PRODUCTS BEING SOLD HEREUNDER.

12. Exclusive Remedies. If any Products furnished by Seller fail to conform to the warranty in clause 11, Seller shall, at its option, either: (a) replace such non-conforming Products; or (b) repay or credit the purchase price paid for such Products to the Buyer. Buyer shall not return any such non-conforming Products to Seller or incur any shipping or other charges in respect of such Products without Seller's prior written consent. Replacement of or repayment or credit for such non-conforming Products shall be the Buyer's exclusive remedy for and shall constitute satisfaction of any and all liabilities of Seller with respect to any non-conformity of or defect whatsoever in the Products (including any liability for direct, indirect, special, incidental or consequential damages) whether in warranty, contract, tort, negligence, strict liability or otherwise, and without regard to whether the non-conforming Products are timely and properly rejected by Buyer or acceptance is timely and properly revoked by Buyer.

13. Limitation of Liability. (i) To the maximum extent permitted by applicable law, the total aggregate liability of Seller is limited to the payment of direct damages, up to a maximum amount that equals the price paid by the Buyer for the relevant delivery, except in the event of willful misconduct by Seller. (ii) IN NO EVENT SHALL SELLER, ANY PARENT, SUBSIDIARY, OR AFFILIATE, OR ANY OF THEIR OFFICERS, DIRECTORS, EMPLOYEES OR REPRESENTATIVES, BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, PERSONAL INJURY, PROPERTY DAMAGE, LOSS OF PROFITS OR LOSS OF ANTICIPATED BUSINESS, COST OF SUBSTITUTE PRODUCTS, LABOR FOR REMOVAL OR REPLACEMENT, DOWNTIME COSTS, DELAYS, OR CLAIMS OF CUSTOMERS OF BUYER OR OTHER THIRD PARTIES FOR SUCH OR OTHER DAMAGES) WHETHER BASED IN WARRANTY, CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE. IN NO EVENT SHALL SELLER'S LIABILITY EXCEED THE PURCHASE PRICE ALLOCABLE TO THE PRODUCTS GIVING RISE TO BUYER'S CLAIM. (iii) Notwithstanding clause 13 (i) and (ii) nothing in these Terms shall exclude or limit Seller's liability for death or personal injury or any other liability which cannot be excluded or limited by applicable law, as far as it is proved that such damages were exclusively caused by the products of Seller.

14. Confidentiality. Buyer shall keep in strict confidence all technical or commercial know-how, specifications, inventions, processes or initiatives which are of a confidential nature and have been disclosed to Buyer by Seller, its employees, agents or subcontractors, and any other confidential information concerning Seller's business, its products and services which Buyer may obtain. Buyer shall only disclose such confidential information to those of its employees, agents and subcontractors who need to know it for the purpose of discharging Buyer's obligations under the Agreement, and shall ensure that such employees, agents and subcontractors comply with the obligations set out in this clause as though they were a party to the Agreement. Buyer may also disclose such of Seller's confidential information as is required to be disclosed by law, any governmental or regulatory authority or by a court of competent jurisdiction. This clause shall survive termination of the Agreement, for a period of 5 years.

15. Order Alteration and Cancellation. Except as otherwise provided in this clause, an order once placed with and accepted by Seller cannot be cancelled or amended by Buyer, except with

Seller's written consent and upon terms that reflect any changes in price or time for performance and that will indemnify Seller for all losses incurred by Seller associated with the Buyer's amendment or cancellation, including but not limited to the costs already incurred by Seller in the performance of its contractual duties and any profits that Seller would have received had the order been completed. Seller may, from time to time, update and replace Products in its line. Seller reserves the right to substitute updated Products, provided that such updated Products meet the performance specifications of the ordered Products and are sold at the same price as the ordered Products. Without prejudice to all other rights and claims for damages, Seller may cancel all accepted orders if (i) Buyer makes an assignment for the benefit of creditors, (ii) becomes party to a voluntary or involuntary proceeding of insolvency, bankruptcy or reorganization, (iii) generally becomes unable to pay its debts as they become due, (iv) fails to remit payment to Seller in accordance with the terms hereof or under any other agreement between Seller and Buyer, or (v) breaches any other term, provision or condition contained in the Agreement.

16. Force Majeure. Seller reserves the right to cancel, delay, or suspend delivery of the Products where performance has become impossible, impracticable, or significantly more costly as a result of any cause, whether or not foreseeable, beyond the reasonable control of Seller, and which would constitute an obstacle to the normal course of supply, manufacture or shipment (including but not limited to acts of God, war, flood, fire, strikes, lockouts, total or partial cessation or operations by administrative decision, import or export restrictions or governmental measures of any kind, shortages of fuel or raw materials, breach by a third party of its obligations towards Seller, price increases by the suppliers of Seller, or any other reason which is not attributable to Seller).

17. Waiver and Modifications. No waiver of any provision of the Agreement shall: (a) be binding unless given in writing and signed by an authorized officer or agent of the party to be bound thereby; or (b) imply a waiver of that provision for the future or any other provisions of the Agreement unless the waiver expressly so states. No revision or modification of the terms and conditions of the Agreement shall be binding on Seller unless such revision or modification is expressly accepted in writing by Seller.

18. Assignment. Buyer may not assign its rights or obligations under the Agreement without the prior written consent of Seller. Seller may assign any of its rights under the Agreement to a third party, including, without limitation, any right to receive payment for the Products sold to Buyer and any security for such payment.

19. Severance. If any provision or part of the Agreement is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the maximum extent necessary to make it valid, legal and enforceable. Parties shall in such case negotiate in good faith to amend such provision so that it becomes legal, valid and enforceable, and, to the greatest extent possible achieves the intended commercial result of the original provision. If such modification is not possible, the relevant provision or part shall be deemed deleted. Any modification to or deletion of a provision or part under this clause shall not affect the validity or enforceability of the rest of the Agreement.

20. Governing Law, Venue and Jury Trial. The Agreement will be governed by and interpreted in accordance with the laws of the State of California, without giving effect to the conflict of laws principles. Any action arising out of or relating to the Agreement or otherwise in

respect of the Products delivered to Buyer shall be brought exclusively in the State Court of Los Angeles County, California and each party hereby covenants and agrees to submit to the exclusive jurisdiction of such courts for the purpose of any such claim. SELLER AND BUYER BOTH WAIVE ALL RIGHTS TO A JURY TRIAL IN ANY SUIT OR CLAIM ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE TERMS OR THE PRODUCTS. This mutual waiver of the right to a jury trial is being made to avoid the expense of a jury trial and to expedite any litigation which may arise between the parties with respect to the Agreement or the Products.

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3. Delivery and Risk. Unless otherwise agreed in writing, the delivery shall be FOB Seller's warehouse ("**Delivery Point**"). Risk of loss or damage of the Products shall pass to Buyer upon completion of delivery of the Products at the Delivery Point. Unless otherwise agreed in writing by Seller, the shipment/delivery dates quoted by the Seller are a best estimate only and without commitment. Seller can, at any time, unilaterally decide to revert to partial deliveries. Under no circumstances shall Buyer be entitled to damages or compensation of any kind or nature associated with Seller's delay in shipment or delivery. If shipment or delivery is delayed as a result of Buyer's request or inaction, Seller shall have the right to charge reasonable storage costs to Buyer.

4. Retention of Title. (i) Title to and property of the Products shall remain vested in Seller (notwithstanding the delivery or possession of the same and the passing of the risk to the Buyer) until such time as the full price in principal and accessories (interest for late payment and any other payments due) and all other sums owed by Buyer to Seller or its assignee for delivered Products are paid in their entirety (even if the right to pay in instalments has been granted). (ii) During that time, Buyer shall hold the Products in a fiduciary basis for Seller, with utmost good faith, and Buyer shall insure the Products and shall use such procedures as are necessary and customary to identify and store the Products as the property of Seller in such a manner that they cannot be confused with any other similar products sourced from other suppliers and that they are readily identifiable as Seller's Products. Until title to the Products passes to Buyer, Buyer must keep the

Products free of any lien, pledge or encumbrance of whatsoever nature. (iii) Until such time as the price is fully paid, Buyer may resell the unpaid Products in accordance with its normal business activities but Buyer and third-party buyer shall refrain from transforming or incorporating the unpaid Products. Buyer will ensure that the third-party buyer complies with this provision. In the case of resale of the Products by Buyer to a third-party buyer and as long as Buyer has not fully discharged his debt to Seller or its assignee, Buyer shall act as Seller's agent in respect of such unpaid Products and shall account to Seller for that part of the sale price which is attributable to such Products. To the maximum extent permissible under applicable law, Buyer assigns to Seller all claims for payment resulting from the resale on credit of the Products whose purchase price has not been paid to Seller at the moment of said resale. To allow Seller to make full use of the rights granted by this clause, Seller or its representatives shall be entitled to access Buyer's premises to inspect Buyer's stock, books of account, invoice books, order books and any other relevant administrative, financial and/or accounting document. In case of non-payment within the agreed payment term, Seller has the right to request the return of the Products at Buyer's expense and risk. The Products the holds in stock are presumed to be the unpaid Products. In any case, the parties agree that the Products are fungible Products allowing Seller to exercise its retention of title clause with regards to all Products similar to those that remain unpaid and that the Buyer holds in stock. (iv) The above provisions are without prejudice to the transfer to Buyer, on delivery, of the risks of loss or damage of the Products according to the applicable Incoterm®, as provided for in the Agreement. (v) If any Products are delivered to Buyer to a country where the law or jurisdiction in which they are delivered does not recognize the retention of title by Seller, but under such law the Seller is entitled to reserve such other rights in the Products to protect Seller's position, then Seller shall be entitled to exercise such rights and the Buyer shall be bound to take all such steps as are necessary or requested by Seller to ensure such rights can be exercised by Seller.

5. Prices and Payment. The price for the Products shall be the price as communicated by Seller to Buyer, such price being quoted in U.S. Dollars unless otherwise expressly indicated. Unless explicitly agreed otherwise, the price of the Products is exclusive of all costs and charges of insurance, handling, freight and taxes. 50% deposit must be made at the time that order is placed. All payments shall be made in advance of shipment unless otherwise specified in an applicable invoice. If an invoice specifies that payment shall be made other than in advance, and payment is not paid in full within the time period specified on the invoice, then Seller shall be entitled to charge interest on the delinquent invoice at a rate equal to the lesser of (i) 18% per annum, or (ii) the highest rate permitted by applicable law. The foregoing shall be in addition to and not in lieu of any other remedies Seller may have at law or in equity for such delinquency. Delinquency in payment of an invoice makes all outstanding invoices due. Buyer shall have no right of set-off against the amounts due hereunder.

6. Inspection and Acceptance. Buyer may provide written notice of acceptance of the Products to Seller. However, in the absence of Buyer's written acceptance, acceptance shall be deemed to occur three (3) days after delivery of the Products to Buyer (or buyers of Buyer in the case of a dropped shipment to such buyers by Seller) (the "Inspection Period"). If Buyer does not notify Seller of any defects or non-conformities within the Inspection Period, the Products shall be deemed accepted by Buyer, and Buyer shall be deemed to have waived any claim relating to defects or non-conformities in the Products that would have been apparent upon a reasonable inspection of the Products. If any Products covered by the purchase order are determined by Buyer during the Inspection Period to be defective or otherwise not in conformity with the requirements of the purchase order, Buyer will promptly notify Seller of such defects or non-conformities and either return the applicable Products to Seller or dispose of the applicable Products at Seller's

request, direction and expense. In such event, Seller shall, at its option, either (a) refund or credit the full purchase price paid for the non-conforming or defective Products; or (b) replace the non-conforming or defective Products with conforming Products without defects. The foregoing shall be the sole and exclusive remedy of Buyer for nonconforming Products. In no event is Buyer entitled to retain payments due Seller, except upon the written consent of Seller.

Visible freight damage must be noted when accepting merchandise and reported to the carrier within twenty four (24) hours of receipt of merchandise. Damaged carpet must be signed for accordingly. Seller must be advised of all visible damages immediately. All wrappings must be retained until inspection by carrier.

7. Taxes and Other Levies. Prices do not include any taxes. Buyer is responsible for payment of all applicable state and local taxes or for providing a valid sales tax exemption certificate. The prices referenced herein do not include, and Buyer agrees to pay all sales, use, ad valorem, excise, withholding and other governmentally imposed levies, taxes, duties, and other assessments, however designated or levied, and whether levied by city, state, federal or other entity for or related to the Products provided under this Agreement and pursuant to this Agreement (exclusive of taxes based on the net income of Seller). Buyer shall hold Seller harmless from all claims and liability arising from Buyer's failure to pay such taxes and other levies and amounts, including all reasonable attorneys' fees, penalties and fines.

8. Allocation of Risk; Survival. The parties agree that this Agreement reflects an appropriate allocation of risks between the parties which specifically includes the warranties, exclusive remedy and limitation of liability described below. Buyer fully recognizes that any modification of such risk allocation would affect the prices charged by Seller and in consideration thereof Buyer agrees to such risk allocation. The limitation of liability set forth below shall survive and continue in full force and effect despite any failure of an exclusive remedy.

9. Ownership. Buyer acknowledges that Seller owns or has the right to distribute the Products and that all right, title, and interest to all copyrights, trademarks, service marks, logos, patents, and other intellectual property rights pertaining thereto are and shall remain exclusively vested in Seller or its licensor(s). Unless expressly agreed otherwise by Seller in writing, Buyer shall not display the Products for resale without displaying Seller's trademark in association therewith, and Buyer shall only display such trademark(s) in the manner which is approved by Seller.

10. Purchase Money Security Interest. Buyer hereby grants to Seller a lien on and security interest in and to all of the right, title and interest of Buyer in, to and under the Products, wherever located, and whether now existing or hereafter arising or acquired from time to time, and in all accessions thereto and replacements or modifications thereof, as well as all proceeds (including insurance proceeds) of the foregoing. The security interest granted under this clause constitutes a purchase money security interest. Buyer agrees to perfect, complete and consummate, and authorizes Seller to perfect, complete and consummate, such security interest for the benefit of Seller in accordance with the relevant and applicable laws. Buyer irrevocably authorizes, names, appoints and directs Seller as its true and lawful attorney-in-fact to sign, execute and file any and all relevant financing statements, continuation statements and any other documentation as Seller deems to be reasonably necessary to effect, protect and continue Seller's security interest.

11. Warranty. One-year manufacturing warranty that all rugs will be sold free of any defect in

the workmanship, subject to the following limitations. This warranty is viable for a period of up to one year from the date of receipt of rug. The liability of Seller under this warranty shall be limited to the actual cost of repair or replacement of the rug. If replacement is warranted, Seller will provide a rug of equal value should the identical rug not be available. This warranty does not include: Pile crushing, shading, or soiling. Any condition caused by wetting or the persistence of moisture. Any condition caused by anything other than ordinary wear (for example, burns, cuts, tears, or pet accidents) or any use for which the project was not designed. Any condition caused by incorrect or inadequate maintenance, cleaning, or care. Any consumer other than the original purchaser. Consumer must have proof of purchase in the form of a bill, invoice, or statement from Seller showing the price paid for the rug. This warranty is non-transferable

THE WARRANTY IS EXPRESSLY IN LIEU OF AND EXCLUDE ALL OTHER WARRANTIES, REMEDIES AND LIABILITIES, WHETHER EXPRESS OR IMPLIED. SELLER MAKES NO OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AND HEREBY DISCLAIMS ANY AND ALL OTHER WARRANTIES THAT MAY ARISE BY OPERATION OF LAW, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF ANY GOODS FOR ANY PARTICULAR PURPOSES. BUYER ACKNOWLEDGES THAT IT IS A SOPHISTICATED PARTY TO THIS AGREEMENT AND RECOGNIZES THAT THIS PROVISION IS AN INTEGRAL PART OF SELLER'S PRICING AND AN IMPORTANT FACTOR IN ITS WILLINGNESS TO SELL THE PRODUCTS BEING SOLD HEREUNDER.

12. Exclusive Remedies. If any Products furnished by Seller fail to conform to the warranty in clause 11, Seller shall, at its option, either: (a) replace such non-conforming Products; or (b) repay or credit the purchase price paid for such Products to the Buyer. Buyer shall not return any such non-conforming Products to Seller or incur any shipping or other charges in respect of such Products without Seller's prior written consent. Replacement of or repayment or credit for such non-conforming Products shall be the Buyer's exclusive remedy for and shall constitute satisfaction of any and all liabilities of Seller with respect to any non-conformity of or defect whatsoever in the Products (including any liability for direct, indirect, special, incidental or consequential damages) whether in warranty, contract, tort, negligence, strict liability or otherwise, and without regard to whether the non-conforming Products are timely and properly rejected by Buyer or acceptance is timely and properly revoked by Buyer.

13. Limitation of Liability. (i) To the maximum extent permitted by applicable law, the total aggregate liability of Seller is limited to the payment of direct damages, up to a maximum amount that equals the price paid by the Buyer for the relevant delivery. (ii) IN NO EVENT SHALL SELLER, ANY PARENT, SUBSIDIARY, OR AFFILIATE, OR ANY OF THEIR OFFICERS, DIRECTORS, EMPLOYEES OR REPRESENTATIVES, BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, PERSONAL INJURY, PROPERTY DAMAGE, LOSS OF PROFITS OR LOSS OF ANTICIPATED BUSINESS, COST OF SUBSTITUTE PRODUCTS, LABOR FOR REMOVAL OR REPLACEMENT, DOWNTIME COSTS, DELAYS, OR CLAIMS OF CUSTOMERS OF BUYER OR OTHER THIRD PARTIES FOR SUCH OR OTHER DAMAGES) WHETHER BASED IN WARRANTY, CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE. IN NO EVENT SHALL SELLER'S LIABILITY EXCEED THE PURCHASE PRICE ALLOCABLE TO THE PRODUCTS GIVING RISE TO

BUYER'S CLAIM. (iii) Notwithstanding clause 13 (i) and (ii) nothing in these Terms shall exclude or limit Seller's liability for death or personal injury or any other liability which cannot be excluded or limited by applicable law, as far as it is proved that such damages were exclusively caused by the products of Seller.

14. Confidentiality. Buyer shall keep in strict confidence all technical or commercial know-how, specifications, inventions, processes or initiatives which are of a confidential nature and have been disclosed to Buyer by Seller, its employees, agents or subcontractors, and any other confidential information concerning Seller's business, its products and services which Buyer may obtain. Buyer shall only disclose such confidential information to those of its employees, agents and subcontractors who need to know it for the purpose of discharging Buyer's obligations under the Agreement, and shall ensure that such employees, agents and subcontractors comply with the obligations set out in this clause as though they were a party to the Agreement. Buyer may also disclose such of Seller's confidential information as is required to be disclosed by law, any governmental or regulatory authority or by a court of competent jurisdiction. This clause shall survive termination of the Agreement, for a period of 5 years.

15. Order Alteration and Cancellation. Except as otherwise provided in this clause, an order once placed with and accepted by Seller cannot be cancelled or amended by Buyer, except with Seller's written consent and upon terms that reflect any changes in price or time for performance and that will indemnify Seller for all losses incurred by Seller associated with the Buyer's amendment or cancellation, including but not limited to the costs already incurred by Seller in the performance of its contractual duties and any profits that Seller would have received had the order been completed. Seller may, from time to time, update and replace Products in its line. Seller reserves the right to substitute updated Products, provided that such updated Products meet the performance specifications of the ordered Products and are sold at the same price as the ordered Products. Without prejudice to all other rights and claims for damages, Seller may cancel all accepted orders if (i) Buyer makes an assignment for the benefit of creditors, (ii) becomes party to a voluntary or involuntary proceeding of insolvency, bankruptcy or reorganization, (iii) generally becomes unable to pay its debts as they become due, (iv) fails to remit payment to Seller in accordance with the terms hereof or under any other agreement between Seller and Buyer, or (v) breaches any other term, provision or condition contained in the Agreement.

16. Force Majeure. Seller reserves the right to cancel, delay, or suspend delivery of the Products where performance has become impossible, impracticable, or significantly more costly as a result of any cause, whether or not foreseeable, beyond the reasonable control of Seller, and which would constitute an obstacle to the normal course of supply, manufacture or shipment (including but not limited to acts of God, war, flood, fire, strikes, lockouts, total or partial cessation or operations by administrative decision, import or export restrictions or governmental measures of any kind, shortages of fuel or raw materials, breach by a third party of its obligations towards Seller, price increases by the suppliers of Seller, or any other reason which is not attributable to Seller).

17. Waiver and Modifications. No waiver of any provision of the Agreement shall: (a) be binding unless given in writing and signed by an authorized officer or agent of the party to be bound thereby; or (b) imply a waiver of that provision for the future or any other provisions of the Agreement unless the waiver expressly so states. No revision or modification of the terms and conditions of the Agreement shall be binding on Seller unless such revision or modification is expressly accepted in writing by Seller.

18. Assignment. Buyer may not assign its rights or obligations under the Agreement without the prior written consent of Seller. Seller may assign any of its rights under the Agreement to a third party, including, without limitation, any right to receive payment for the Products sold to Buyer and any security for such payment.

19. Severance. If any provision or part of the Agreement is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the maximum extent necessary to make it valid, legal and enforceable. Parties shall in such case negotiate in good faith to amend such provision so that it becomes legal, valid and enforceable, and, to the greatest extent possible achieves the intended commercial result of the original provision. If such modification is not possible, the relevant provision or part shall be deemed deleted. Any modification to or deletion of a provision or part under this clause shall not affect the validity or enforceability of the rest of the Agreement.

20. Governing Law, Venue and Jury Trial. The Agreement will be governed by and interpreted in accordance with the laws of the State of California, without giving effect to the conflict of laws principles. Any action arising out of or relating to the Agreement or otherwise in respect of the Products delivered to Buyer shall be brought exclusively in the State Court of Los Angeles County, California and each party hereby covenants and agrees to submit to the exclusive jurisdiction of such courts for the purpose of any such claim. SELLER AND BUYER BOTH WAIVE ALL RIGHTS TO A JURY TRIAL IN ANY SUIT OR CLAIM ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE TERMS OR THE PRODUCTS. This mutual waiver of the right to a jury trial is being made to avoid the expense of a jury trial and to expedite any litigation which may arise between the parties with respect to the Agreement or the Products.