

# Terms and Conditions of Sale

## 1. Definitions

- 1.1. "Targetti USA" means Targetti USA, Inc., a California corporation.
- 1.2. "Home Office" means Targetti USA, Inc. corporate headquarters at 750-A West 17th Street, Costa Mesa, CA, 92627.
- 1.3. "Custom Item" means any Targetti USA product (Targetti or DuraLamp brand) not listed on the current Targetti USA website, www.targetti.us. Custom items include special, modified, or made-to-order fixtures. All custom items require signed submittal drawings attached to the Purchase Orders when submitted to Targetti USA. Purchase orders for custom items will not be accepted without signed submittal drawings.

## 2. Payment Terms

- 2.1. Invoice payments are due both at 50% Deposit and 50% due at shipping for first time orders. Once accounts have been established terms are Net 10-30 days from the invoice date, depending on the type of account terms established.
- 2.2. If, in the opinion of Targetti USA, Inc., the financial condition of the buyer becomes impaired or unsatisfactory, Targetti USA, Inc. may at any time without notice, limit or cancel the credit of Buyer, require from Buyer 100% payment in advance prior to delivery for current and future deliveries, and demand immediate payment for goods previously delivered. Failure by Buyer to make such payments within 10 days after demand shall constitute a breach of this agreement by Buyer. Approval of credit of one or more deliveries shall not be deemed an approval of credit for future deliveries or a waiver of any rights reserved to Targetti USA, Inc.
- 2.3. If any shipment made in accordance with the buyer's instructions is refused for whatever reason, the buyer shall be responsible for full payment for such merchandise, in accordance with the terms of this agreement, as though such merchandise had been accepted at the time of original delivery. Buyer shall also be responsible for Targetti USA, Inc.'s standard storage, handling and redelivery charges and shall pay such charges as invoices are rendered.
- 2.4. Buyer shall make payment as specified herein. Targetti USA, Inc. may suspend shipment until payment is received in full. Buyer may not debit or "back-charge" Targetti USA, Inc.
- 2.5. Targetti USA, Inc. will charge a \$50.00 administrative fee for any returned check.
- 2.6. Buyer shall reimburse Targetti USA, Inc. for all expenses (including reasonable attorney's fees and all other costs) incurred to collect any amounts due. Furthermore, Targetti USA, Inc. will charge interest on past due amounts at a rate of 1% per month until paid.

## 3. Price and Quotations

- 3.1. The prices shown in Targetti USA, Inc.'s Price Sheet are the prices prevailing at the time the Price Sheet was published. Targetti USA, Inc. reserves the right to change these prices at any time without notice. Unless otherwise provided in writing, the order will be billed at prices prevailing at time of shipment.
- 3.2. Possession of a Price Sheet does not entitle one to purchase at prices shown, and possession of a Price Sheet is not in itself an offer to sell.
- 3.3. Price quotes must be issued in writing and are valid for 30 days unless otherwise printed on the quote. Purchase orders for standard items or custom items received and acknowledged by Targetti USA, Inc. within this 30-day period will be price protected for shipment within 90 days from the date of the order or December 15th of that calendar year, whichever comes sooner. Prices for items shipped after the price protected period will be charged at Targetti USA, Inc.'s then current price list.
- 3.4. Additions to orders already processed shall be considered separate orders and shall be priced accordingly.

## 4. Purchase Orders

- 4.1. The acceptance of the buyer's purchase order is contingent upon Targetti USA, Inc.'s issuance of a written order confirmation.
- 4.2. Buyer's acceptance of the provisions of such order confirmation statement shall be conclusively presumed if no written objection is received by Targetti USA, Inc.'s Home Office within 15 days from the date of said order confirmation. It is the buyer's responsibility to communicate any objections or discrepancies directly to Targetti USA, Inc.'s Home Office, rather than through Targetti USA, Inc.'s representatives.
- 4.3. Targetti USA, Inc. rejects any different or additional terms and conditions other than as stated herein. The acceptance of the buyer's order is expressly made conditional on the buyer's assent to the terms and conditions set forth herein.
- 4.4. Replacements or re-orders shall be considered new orders.

## 5. Custom Items

- 5.1. Targetti USA, Inc. reserves the right to sell a Custom Item only to the specific customer who Targetti USA, Inc. designed the Custom Item for. At the time of release, before any portion of an order for a Custom Item will be produced, Targetti USA, Inc. requires 100% payment in advance from the buyer towards the purchase price of such Custom Item. The buyer may not cancel or change an order for a Custom Item. Any attempt to do so shall constitute a default hereunder.

## 6. Custom Finish Color Policy

- 6.1. For any 'Targetti COLOURS' finish chart referenced in the Table A is no additional adder for all paint finished fixtures, indoor or outdoor installations.
- 6.2. For any 'Targetti RAL' finish chart referenced in the Table B is an adder of 5% for indoor fixtures and 10% for outdoor fixtures, with no minimum order quantity.
- 6.3. For any other custom color, not belonging to any of the above categories (not part of RAL Classic but with pearl, metallic, anodized, chrome, fluorescent or any other special finish), price and availability is upon request.

## 7. Cancellations

- 7.1. Cancellation applies only to standard items. A cancellation fee equaling 25% of the net order amount will apply to any cancellation received no more than 24 hours after an order is released. Any attempt to cancel an order for standard items more than 24 hours after an order is released is rejected.
- 7.2. Orders for Custom Items may not be changed or cancelled for any reason.

## 8. Freight Charges

- 8.1. All shipments are F.O.B. Targetti USA, Inc.'s factories.
- 8.2. For Targetti exclusive or combined Targetti and DuraLamp orders greater than \$15,000 in value, or DuraLamp exclusive orders greater than \$5,000 in value, will be shipped ground freight allowed for ONE single shipment destination for roughins (including housings, sleeves, j-boxes, channel, drivers) and ONE single shipment destination of all remaining material within the contiguous 48 U.S.
- 8.3. For Targetti exclusive or combined Targetti and DuraLamp orders under \$15,000 with domestic ground delivery, Targetti USA, Inc. will charge a minimum freight amount of \$20 per order plus 6.0% of the net invoice amount. For DuraLamp exclusive orders under \$5,000 with domestic ground delivery, Targetti USA, Inc. will charge a minimum freight amount of \$20 per order plus 3.0% of the net invoice amount.
- 8.4. Targetti USA, Inc. will invoice Buyer for the full freight cost if a shipment is sent via air freight at the request of the buyer.
- 8.5. Freight methods to destinations outside the contiguous 48 U.S. states vary. Export packaging may be charged as an extra.
- 8.6. If the buyer notifies Targetti USA, Inc. to delay delivery of merchandise after said merchandise has been produced in accordance with Buyer's instructions, then Buyer shall pay Targetti USA, Inc.'s standard storage charges until such merchandise is shipped.

## 9. Expedite Fee

- 9.1. Shall the customer request, after receiving a preliminary written ESD upon placement of a purchase order, to expedite the production and shipment beyond normal and reasonable production capabilities, Targetti USA will do the best to accommodate the request. However, this may incur in additional expenses, including but not limited to: air freight shipments from the Italian HQ to Targetti USA, overtime labor expenses, rush request of components and parts to external vendors that may result in higher overall production costs, etc.. If the above scenario is presented, Targetti USA will inform the customer of a forfeit charge of 25% from the total of the Purchase Order related to the rushed material, and will present an updated ESD, which in any case is not bonding and may be subject to change in any moment.
- 9.2. Targetti USA shall not be held responsible if, even after having applied the 25% expedite fee to the customer, the actual ship date will not match what anticipated to the customer. External factors may still occur and may delay the ship date even after having diligently applied any or all of the above rush procedures, and even if the actual ship date does not match what written to the customer, Targetti USA shall retain part or all of the expedite fee due to the above sustained costs.
- 9.3. Targetti USA will not proceed with any expedite fee charge until this is approved and agreed upon by the customer via formal email communication.

## 10. Packaging and Shipments

- 10.1. The method of packaging is at Targetti USA, Inc.'s discretion.
- 10.2. Targetti USA, Inc. will use its own discretion in routing all shipments and reserves the right to select carrier and truck size. If any shipment made in accordance with Buyer's instructions incurs additional labor or carrier costs, said costs shall be paid by the buyer as invoices are rendered.
- 10.3. The distributor's trading area for the distribution of Targetti USA, Inc. fixtures shall be limited to the area assigned to and serviced by Targetti USA, Inc.'s local representative.
- 10.4. Targetti USA, Inc. reserves the right to refuse to make direct shipments to destination points outside the distributor's trading area.
- 10.5. The shipment date mentioned on Targetti USA, Inc.'s order acknowledgement, if any, is Targetti USA, Inc.'s best approximation of the probable shipment date and shall not represent a fixed or guaranteed shipment date. Targetti USA, Inc. shall not be responsible for any damage or loss resulting from delayed shipments or Targetti USA, Inc.'s inability to ship. Delay of one or more shipments shall not relieve Buyer of its obligation to accept remaining shipments.
- 10.6. Targetti USA, Inc. may ship orders in installments, as they become available, unless the buyer specifies on the Purchase Order that "no partial shipments" are allowed. Each installment shall be separately invoiced, and payment shall be due as described herein, without regard to subsequent shipments. Targetti USA, Inc. may withhold subsequent shipments if outstanding invoices are not paid.

## 11. Title

- 11.1. Title to all goods and risk of loss shall vest in the buyer at the time of delivery by Targetti USA, Inc. to the carrier at the shipping point. Targetti USA, Inc. retains a security interest in all items shipped until payment in full is received by Targetti USA, Inc.

## 12. Warranty

- 12.1. Targetti USA, Inc. warrants Targetti brand products for a period of five (5) years, and DuraLamp brand products for a period of three (3) years unless otherwise stipulated in writing from Targetti USA, Inc. Home Office, from date of invoice for the original purchase that its products are free from defects in materials and workmanship. All implied warranties, including the warranties of merchantability and fitness for a particular purpose are limited in duration to the express warranty stated above. This warranty is the exclusive warranty given by Targetti USA for its products and can only be amended in writing by Targetti USA's CEO.
- 12.2. Every claim under this warranty shall be deemed waived unless received in writing by Targetti USA, Inc. within 30 days of the date the purported defect to which each related claim is discovered, or should have been discovered. It is the buyer's responsibility to file all claims directly with Targetti USA, Inc.'s Home Office. Claims may not be filed through Targetti USA, Inc.'s local representatives.
- 12.3. LED drivers and power supplies are covered by separate manufacturers' warranties.
- 12.4. The above warranty is suspended during any period of time that Buyer has any outstanding balance owed to Targetti USA, Inc. Such period shall not extend the warranty period.
- 12.5. The products of the Outdoor Line are manufactured by Targetti with innovative production processes that guarantee a high quality level of the same in terms of resistance to corrosion, abrasion, peeling and color fading. The guarantee will be applicable to said products providing any faults/defects that could compromise their structural/mechanical safety are due to faults/defects in the production/manufacturing process of the product. However, guarantee does not cover the intact nature of the paintwork or the external surface treatments of the Product when it is used in a saline environment or in the presence of corrosive agents (e.g. chlorine, weed-killers, fertilizers, non-neutral detergents, etc.).

- 12.6. On products treated with cataphoresis and painting, branded warranty is guaranteed when they are positioned more than 16ft from the sea shoreline. Guarantee does not cover products when they are positioned less than 16ft (sixteen) from the sea shoreline and/or when they are in direct contact with salt for extended periods and/or when they are used in presence of corrosive agents (e.g. chlorine, weed-killers, fertilizers, non-neutral detergents, etc.).

### 13. Claims and Adjustments

- 13.1. The carrier accepts shipments covered by Buyer's order in good condition and in quantity as noted on freight bills. Any claim for damage or short age lies between the buyer and the carrier.
- 13.2. The buyer must check each shipment carefully and note any visible damage or shortage on the freight bill before signing it and accepting shipment.
- 13.3. Buyer must report concealed loss or damage to carrier in writing immediately upon discovery, but not later than 72 hours after signing for shipment. Claims for shipping errors or concealed shortages will be invalid unless received by Targetti USA, Inc.'s Home Office within three days after receipt of shipment.
- 13.4. Buyer may not return any merchandise to Targetti USA, Inc. for any reason without prior written authorization from Targetti USA, Inc.'s Home Office. Targetti USA, Inc. shall refuse all returned merchandise without such written authorization.
- 13.5. Buyer is responsible for ensuring the conformance of delivered material to Buyer's order or governing specifications. Installation of improper equipment is done at Buyer's own risk and expense.

### 14. Returned Goods

- 14.1. All returned goods must be accompanied by a Returned Goods Authorization ("R.G.A.") issued by Targetti USA, Inc. Requests to return non-defective surplus products must be made to Targetti USA, Inc. within 21 days from the date of shipment and the granting of any such requests will be in Targetti USA, Inc.'s discretion. Custom Items or discontinued products are not subject to return.
- 14.2. Merchandise must be returned in the original factory sealed cartons, plus additional heavy gauge outer cartons and additional packaging/cushioning material. All merchandise must reach Targetti USA, Inc. in a perfectly saleable condition.
- 14.3. Authorized returns must be made freight prepaid within 15 days of the date of issuance of the R.G.A. by Targetti USA, Inc.
- 14.4. All returned products are subject to inspection. Unsaleable, damaged or improperly packaged products will be credited at salvage value or returned to the buyer freight collect. Credit will be issued at the purchase price or the prices prevailing at time of return, whichever is lower, less a 50% handling and restocking charge, plus original outbound freight costs if incurred by Targetti USA, Inc.

### 15. Limitation of liability

- 15.1. Targetti USA, Inc.'s liability for any defect in its products shall be, at the sole option of Targetti USA, Inc., limited to the repair or resupply of a like quantity of non-defective products, F.O.B. point of original shipment, uninstalled.
- 15.2. The buyer shall be responsible for removal and disposal of any defective products and installation of replacement products. If Targetti USA, Inc. requests, then the buyer shall return all defective products to Targetti USA, Inc. in accordance with shipping instructions provided by and at the cost of Targetti USA, Inc. Targetti USA, Inc. shall have no liability except where damage results solely from the breach of Targetti USA, Inc.'s written warranty, and in such case, its liability shall be as limited herein.
- 15.3. Targetti USA shall not be liable for any incidental, consequential, special or other damages, such as damage to the structure or fixtures to which Targetti USA products are affixed, nor shall Targetti USA be liable for any damages which are based upon alleged negligence, breach of warranty, strict liability, or any other theory other than the limited liability stated herein, even if advised of the possibility of same. Incidental, consequential and special damages shall not be recoverable even if the resupply of a non-defective product, which is the remedy provided by the warranty, fails in its purpose, or for any other reason.
- 15.4. All fixtures are furnished without lamps, unless otherwise specified in writing. When lamps are installed by Targetti USA, Inc., it is done for the convenience of the customer and, as such, Targetti USA, Inc. assumes no responsibility for damage to the lamp or fixture, looseness of such lamps which may occur in transit, or any other liability resulting from such furnished lamps.

### 16. Specifications

- 16.1. Merchandise will be shipped in accordance with the standard styles, sizes and specifications as described in Targetti USA, Inc.'s catalog and specification sheets.
- 16.2. In the event of a conflict between a customer's written order and Targetti USA, Inc. drawing or specification sheet marked "Approved", the Targetti USA, Inc. drawing or specification sheet shall prevail.
- 16.3. Targetti USA, Inc. reserves the right to change details of design, materials and finish in any way which may alter installed appearance or reduce function and performance. Every effort is made to avoid errors in catalogs, price sheets, specification sheets and other data. However, Targetti USA, Inc. will not accept responsibility for additional expenses incurred by Buyer, or any other ability, resulting from reliance upon such catalogs, price sheets, specification sheets or other data.
- 16.4. Targetti USA, Inc. will not be bound by general, blanket or verbal instructions not contained within the buyer's written order. All orders must contain complete written instruction.
- 16.5. Orders containing phrases such as "all materials to be supplied as per project plans and specifications" or similar phrases are subject to separate written acceptance by Targetti USA, Inc.
- 16.6. Most of Targetti USA, Inc.'s products are UL/ETL listed. However, the addition of some accessories could negate this listing, or UL/ETL requirements may change and negate listings. Please consult the Targetti USA, Inc. Home Office for appropriate listing on any specific product.
- 16.7. It is the buyer's responsibility to ascertain the correct voltage for each order, and to so mark each order with the voltage. When Targetti USA, Inc. is requested to furnish catalog sheets for submittal, Targetti USA, Inc. will furnish its standard sheets unmarked. It is the buyer's responsibility to mark up the submittal sheets as it sees fit and submit to Targetti USA, Inc.

### 17. General

- 17.1. Any addition, deletion, cancellation, or other change to an order is subject to the terms and conditions herein.
- 17.2. In the event of a conflict between the buyer's terms and conditions and Targetti USA, Inc. terms and conditions, Targetti USA, Inc. terms and conditions shall govern. The buyer, by virtue of placing an order with Targetti USA, Inc., expressly acknowledges and agrees to the preceding sentence.
- 17.3. Targetti USA, Inc. field representatives are independent sales contractors. They have no authority to assume or create any obligation, express or implied, nor do they have any authority to accept service or legal process on behalf of Targetti USA, Inc.
- 17.4. Only the CEO of Targetti USA, Inc. may amend these terms and conditions of sale.
- 17.5. Targetti USA, Inc. shall not be responsible for circumstances beyond its control, including, but not limited to, strikes, fires, riots, wars, earthquakes, hurricanes, acts of God, inability to obtain materials, variations in color, terrorist acts, or government regulations or restrictions.
- 17.6. Any dispute arising under this agreement shall be governed by the laws of the State of California, without regard to its conflict of law rules. Exclusive venue shall be in Orange County, California.
- 17.7. The Terms and Conditions of Sale herein supersedes any other Terms and Conditions of Sale previously published by Targetti USA, Inc.

Table A

### Targetti Finish Chart

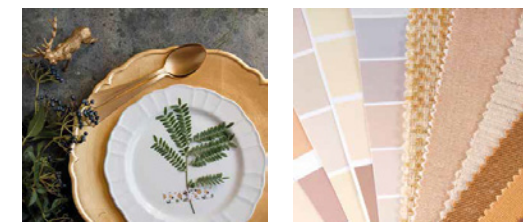
#### ELEGANT MATTE:

Impalpable, "powdery" pastel colours with timeless traditional black and white, with a smooth yet matte finish for a refined modern effect.



#### ELEGANT BRILLIANT:

Fresh, vibrant and elegant colours. The brilliant finish creates shades to coordinate with elegant and sophisticated architecture fearlessly.



#### NATURE BRILLIANT:

A textural, instinctive colour palette that recalls nature and the earth. Warm, metallic, precious colours with a brilliant, silky finish.

