

US Distributor Terms and Conditions of Sale

WattStopper will not recognize any modifications of these terms or conditions unless agreed to specifically in writing. These Terms or Conditions only apply to Distributors operating in the United States for the Calendar Year of the Transaction in effect. Any terms and conditions contained in any distributor purchase order or other document, that are not consistent herewith, or contain additional or different terms, shall be deemed rejected/disregarded absent a written agreement to the contrary.

ORDER ACCEPTANCE

All orders must be sent to WattStopper by a local WattStopper representative.

WattStopper will not accept orders directly from a distributor unless otherwise agreed upon in writing by WattStopper.

All orders are subject to credit approval and final acceptance by WattStopper.

Orders will not be accepted if the order, prices, discounts, or terms are incorrect. Order acceptance occurs when all order corrections have been made. Orders will be processed within 1 business day of acceptance.

Failure of WattStopper to object to provisions or pricing contained in any purchase order or any other communication from purchaser (including, without limitation, penalty clauses on labor charges) is not a waiver or acceptance of such provisions and will not result in the issuance of any credits.

The distributor will be liable for any legal fees incurred by WattStopper in the event legal action becomes necessary to collect past due accounts.

WattStopper reserves the right to make the account inactive in the event that no purchases are made for a period of 24 months. Distributor may be required to re-apply for credit in order to reopen an account that was made inactive.

PRICING

1. Refer to current WattStopper Distributor Net Cost Sheet and approved Customized Price Document. Any deviations from these prices must have prior written approval by WattStopper, and specially priced items must be identified with a quotation number for processing.
2. Written quotations expire 30 days from date of quotation unless otherwise specified in writing.
3. Prices are subject to change without notice.

TERMS

1% 10th, net 30. WattStopper reserves the right to assess late charges of 1.5% per month on all past due balances. Authorized Distributor agreement becomes void if the account is past due.

MINIMUM BILLING

Minimum billing for Authorized Distributors is \$100 plus freight charges. Associate Distributors have a \$50 minimum billing plus freight charges, and Partner Distributors have no minimum billing plus freight charges.

MINIMUM ORDER MULTIPLES

Items must be purchased in order multiple quantities. To determine order multiple quantities, refer to WattStopper Distributor Cost Sheet. Order multiples will be enforced on stock orders and orders will automatically be rounded up.

US Distributor Terms and Conditions of Sale

DELIVERY

1. All orders are F.O.B. shipping point. Full freight will be allowed on shipments of \$2500 for Authorized Distributors, \$1000 for Associate Distributors and \$500 for Partner Distributors, to destinations in the continental United States. All product lines may be combined to meet this requirement.
2. Prepaid freight is based on the most cost effective routing as determined by WattStopper. Additional cost due to special routing (such as, airfreight at the customer's request) will be charged to the customer.
3. Orders already processed and sent out cannot be combined with another order to get the prepaid shipping. The minimum shipping charge on all non prepaid orders is \$9.00. UPS, Federal Express next day and second day will be charged to the distributor.
4. Shipments to Hawaii or Alaska will be prepaid to any port of debarkation in California or Washington.
5. Routing and means of transportation will be at WattStopper's selection.
6. If an alternative method of shipping is requested, the purchaser assumes any extra charges.

LOSS OR DAMAGE IN TRANSIT

Any good damaged or lost in transit must be so noted on the delivering carrier's freight bill. Rates are determined in proportion to the damage liability; therefore, the carrier and not the shipper, should be charged with all loss or damage. WattStopper will do everything to assist the distributor. Replacement goods must be ordered and paid for by the consignee. The distributor shall not withhold payment of invoices pending settlement

of claims. Shipments must be unloaded promptly as WattStopper will pay no demurrage. Buyer must examine the merchandise upon delivery and must report all apparent error or defects to the seller within ten (10) days of said delivery; otherwise, it shall be conclusively presumed between Seller and Buyer that the merchandise has been delivered as specified in the contract.

FORCE MAJEURE

WattStopper shall not be liable in any respects for failure or delay in the fulfillment or performance if the contract is hindered or prevented, directly or indirectly, by war, conditions of war, acts of enemies, national emergency, sabotage, revolution, or other disorders, inadequate transportation, inability to secure raw materials or supplies, fuel, or power; fire, windstorm, or other acts of God, strikes, lockouts, or other labor disturbances, orders or acts of any authority, or any cause of like or different kind beyond the reasonable control of WattStopper.

CLAIMS

1. Claims for freight charges, allowance, or shortages will not be considered after 30 days from receipt of goods. Proof of Delivery (POD) tracking numbers are listed on the original invoice or are available on our Web Site: www.wattstopper.com.
2. Pricing claims must be made within 90 days from date on the WattStopper invoice. Claims beyond 90 days from invoice date will be disallowed. All claims will be subject to a 1% cash discount recovery.

US Distributor Terms and Conditions of Sale

SALES TAX

An order placed and accepted by WattStopper is subject to payment by the buyer of any applicable local, state, or federal sales or use tax, whether or not invoiced, unless an exemption number or certificate has been provided.

RETURNS

1. STANDARD RETURN POLICY:

This policy applies to all returns of WattStopper products.

- Returns will not be accepted without a Return Goods Authorization (RGA) approved by WattStopper. An RGA must be obtained through your local WattStopper representative.
- Returned product will not be accepted unless shipped to the address specified on the RGA.
- All Returns are subject to a 1% cash discount recovery.
- No deduction for return of material is allowed until a credit memo has been issued.
- Discontinued products, custom product, and products not included in the Distributor Price List are not cancelable or returnable.
- Products covered under this policy must be items included in the Distributor Price List, of current design and in saleable condition. If a minimum order quantity is identified in the price sheet, the product must be returned in multiples of that quantity. All returned products are subject to inspection by WattStopper. Returns in violation of this policy are subject to collect return shipment to the distributor.
- A 25 % restocking charge will be applied to all returns with the exception of returns of products due to WattStopper processing errors and the Annual stock adjustment return(s).
- A 25% repackaging charge will be applied when product is received in broken or missing inner or outer cartons or not in minimum order quantity.

- Product returns are to be shipped freight prepaid. Freight costs will be included with the credit issued for product returned for WattStopper error, provided the error is noted on the return form with the freight charges.
- Credit for purchases within the past 12 months will be issued at the actual price paid by the distributor. A valid Invoice or Purchase Order Number must be included on the RGA request. All other return requests will be credited at a multiplier of 0.45 applied to the current list price.
- If unauthorized items are returned and received without a pre-authorized RGA, or goods are received that are non-returnable, these items may be returned, without credit issued, freight collect or destroyed at customers choice.

2. STOCK ADJUSTMENT RETURN POLICY:

All Stock adjustment returns must meet the standard return policy above, and must be from purchases made in the past twelve (12) months.

- Authorized Distributors will be permitted one annual stock adjustment not to exceed 5% of prior year annual net sales. A one for one compensating order is required to avoid restocking charges on the annual return for Authorized Distributors.
- Associate Distributors will be permitted two (2) annual stock adjustments not to exceed \$1000 in value and 3% of total purchases for the prior year, whichever is smaller. A one for one compensating order is required to avoid restocking charges on the annual returns for Associate Distributors.
- Partner Distributors will be permitted one (1) stock adjustment return per quarter, not to exceed \$1500, and not to exceed 2% of prior year purchases, whichever is smaller.

US Distributor Terms and Conditions of Sale

3. DEFECTIVE RETURNS:

Defective products can be returned at any time, but must not be combined with any stock adjustment returns. All defective returns need a Return Goods Authorization (RGA).

4. WATTSTOPPER ERROR RETURNS:

Product returns due to WattStopper errors can be returned at any time. All returns for WattStopper errors need a Return Goods Authorization (RGA).

ERRORS

Typographical or clerical errors including but not limited to published price sheets, quotations, orders, or acknowledgements are subject to correction.

WARRANTY

WattStopper standard warranty is in effect for a period of one (1), three (3), or five (5) years, depending on product type, from the date of shipment. (See individual product cut sheet for length of warranty). WattStopper warrants its products to be free of defects in materials and workmanship for the warranty period. There are no obligations or liabilities on the part of WattStopper for consequential damages arising out of or in connection with the use or performance of its products or other indirect damages with respect to loss of property, revenue, or profit, or cost of removal, installation or reinstallation. In the event of freight damage, replacement material must be ordered and paid for and a claim filed by the consignee or the carrier for the amount of the replacement materials. Should defects occur after installation, and within the warranty period, they should be specifically described to a WattStopper representative. WattStopper will furnish materials to repair or replace products that may prove defective in its

workmanship and materials within the warranty period. This does not apply to: (1) damage caused by accident, mishandling, or dropping; (2) materials which have been subject to unauthorized repair; (3) materials not used in accordance with instructions; (4) ordinary wear and tear. WattStopper will be limited to the furnishing of new parts, free of charge, in exchange for parts proven to be defective and does not include any other costs of removal or installation. The giving or failure to give any advice or recommendations by WattStopper shall not constitute any warranty by or impose any liability of WattStopper. This warranty constitutes the sole and exclusive remedy of the purchase and the exclusive liability of WattStopper, and is in lieu of any and all other warranties, expressed, implied, or statutory as to merchantability, fitness for purpose sold, description, quality productiveness, or any other matter.

MINIMUM ADVERTISED PRICING - MAP POLICY

In 2008, Watt Stopper adopted a minimum advertised pricing ("MAP") policy for all WattStopper Distributors. Violations of this Policy may result in the suspension or termination of a Distributor's right to sell WattStopper Products without prior notice.

- Distributors may sell WattStopper Products solely to consumers within the 50 United States and the District of Columbia; and not to unauthorized retailers, wholesalers or third parties engaged in gray market sales. Online sales are permitted only through the Distributors Website.

US Distributor Terms and Conditions of Sale

- This Policy applies to all “Advertisements” of WattStopper Products in any and all media, including, without limitation, flyers, posters, coupons, mailers, inserts, newspapers, magazines, catalogs, mail order catalogs, direct mail circulars, Internet or similar electronic media, television, radio, and public signage. Price tags, signage, and communication within the boundaries of a physical store are not “Advertisements”.
- The “MAP” Minimum Advertised Price will correspond to a MAP of no less than .70 multiplier off the WattStopper list pricing as shown in the current WattStopper List Price Sheet. WattStopper reserves the right to modify the MAP of any WattStopper Products at its sole discretion and without prior notice.
- All WattStopper products advertised outside of a store must be with a MAP confirmed price. Listings such as “Call for Price”, “Lowest Price Guarantee” will be viewed as a violation of “MAP” policy. WattStopper Products may only be offered in combination with WattStopper or third party products or services if each WattStopper Product within the combination is advertised at the applicable MAP.
- WattStopper may, from time to time, run promotions on selected merchandise that will include a discount off of MAP, the details of which will be communicated in writing by WattStopper. The

Company reserves the right, in its sole discretion, to modify, suspend or terminate the MAP with respect to some or all of the affected Products.

- Distributors may not sell or market WattStopper Products in a manner that, in WattStopper’s sole judgment, disparages or injures WattStopper Products, including without limitation illegal, deceptive, improper, or “Bait and switch” tactics.
- The MAP applies only to minimum advertised prices and does not apply to the price at which the products are actually sold, or to advertised prices higher than the MAP established by WattStopper
- Violations of this Policy may result in the suspension or termination of a Dealer’s right to sell WattStopper Products, without prior notice to the Dealer.
- This Policy is subject to change at WattStopper’s sole discretion, without prior notice.

WattStopper does not ask for, nor will it accept, any assurance of compliance or agreement from a Distributors regarding this Policy, nor will WattStopper discuss any conditions of acceptance related to this Policy. Neither WattStopper nor any of its agents will solicit or accept any agreement by a Distributor to comply with this Policy. A Distributor’s decision to comply with this MAP Policy and pricing is at its sole discretion; each is free independently to decide whether or not to comply with this Policy.