

Terms and Conditions for Distribution Services

1. Expeditors offers distribution services based upon a Full Release Value tariff or customized Scope and Rates for distribution services on the terms and conditions stated herein. These contractual provisions will govern all distribution and related services provided by Expeditors. A copy of our current Full Release Value tariff and your customized Scope and Rates, if applicable, are always available upon written request.
2. Expeditors agrees to provide customized distribution services as set forth in any Scope of Distribution Services document (the "Scope") and according to your instructions, so long as the instructions do not expand the Scope or otherwise conflict with these terms and conditions. Additional services can always be added by mutual agreement.
3. Rather than charging "Full Release Value" tariff rates for these services, we have mutually agreed that you will be charged lower rates as specified in the Rates for Distribution Services document (the "Rate"). The Rate establishes a minimum charge for service, identifies any additional services and establishes the rate for each additional service.
4. The Rate quoted does not include insurance.
5. You can purchase insurance from Expeditors, but unless otherwise agreed in writing and signed by both the Customer and Expeditors, your goods are not insured through Expeditors against risks of loss or damage.
6. Receipt of goods by Expeditors is evidence of Customer's acceptance of these terms and conditions. All goods received at the warehouse must be properly marked and packed for handling. At or before receipt at the warehouse, you must provide to Expeditors a manifest showing marks, brands or other identification, together with instructions for handling and distribution.
7. Each unit of goods that is subject to an "in and out" charge will be referred to in this agreement as a "lot". No lots will be broken into sub-units for distribution, unless additional sorting is specified in the Scope.
8. No goods will be released or delivered without instructions from your employee or agent.
9. You will receive regular invoices and unless other payment terms are shown on the face of the invoice, it is agreed that you will pay all invoices prior to delivery or within fifteen (15) days of the invoice date if you have established credit with us. No goods will be delivered unless all charges have been paid. If goods are released without payment because Expeditors has extended credit to you, goods remaining in the warehouse, together with any goods that may thereafter be received by the warehouse, will be subject to a lien for any unpaid charges and advances.
10. Expeditors limits its legal liability for total loss, visible damage or delay consistent with industry standard released values. Due to this limited legal liability, the Rate we have mutually agreed upon are lower than the Full Release Value tariff charges. Customer agrees that in the case of total loss or damage for which Expeditors is liable, the amount of Expeditors' liability is limited to a released value of US fifty cents (\$0.50) per pound, maximum fifty dollars (\$50.00) per lot, totally lost or damaged, beyond which Expeditors will not be liable, unless additional value has been declared by Customer. The higher released value must be submitted to Expeditors in writing prior to performance of services and the Customer must acknowledge and accept in writing the additional charges established by Expeditors. In general, the Customer can expect this additional charge to be not less than one-half percent (1/2%) and not more than one percent (1%) percent of the total higher released value declared per month.
11. When providing distribution services, Expeditors will not be liable for loss or visible damage to goods, however caused, including but not limited to fire, rust, normal wear and tear, leakage, moisture, strikes, burglary, pilferage, storms, acts of God and any other events beyond its control, unless such loss or damage results from Expeditors' failure to exercise the reasonable care and diligence required by law under the circumstances, in which case Expeditors' liability will be limited to the released value established above in Paragraph 10.
12. Expeditors has a general lien on any and all property (and documents relating thereto) now or hereafter in Expeditors' possession, custody or control as security for all existing and future indebtedness and obligations of Customer to Expeditors. If Customer is in breach of any indebtedness or obligation to Expeditors, Expeditors has the right to do one or more of the following (i) withhold delivery or release of any property, even if not related to such property, or (ii) cease performing Services, or (iii) require payment of all indebtedness and removal of all goods. If any such indebtedness or obligation is unsatisfied, Expeditors may, in addition to all other rights and remedies under other agreements and/or applicable law, exercise all of the rights and remedies of a secured party under the Uniform Commercial Code. Any notice required to be given of a sale or other disposition made at least 10 days before a

proposed action constitutes fair and reasonable notice. Any surplus from the sale or other disposition, after deduction for all sums owed to Expeditors, shall be transmitted to Customer, and Customer shall be liable for any deficiency.

13. Under no circumstances will Expeditors be liable for shrinkage, mysterious disappearance, concealed, consequential, incidental, or punitive damages.
14. Note that when goods are actually in transit under the terms of Expeditors' air waybill and ocean bill of lading, or other contract of carriage, different released values and limitations of liability will be applicable.
15. Expeditors will not be liable for any act, omission or default in connection with any distribution service, unless a preliminary notice of claim is presented within fourteen (14) days from date of delivery, and a formal claim is presented within one hundred eighty (180) days from the date of distribution. Claims must be written, with a sworn proof of claim attached and received at Expeditors' office.
16. Under no circumstances will Customer be allowed to offset or deduct any claim from amounts due Expeditors.
17. The foregoing terms and conditions shall be construed according to the laws of the location where the goods are stored. If Customer and Expeditors have agreed to country specific trading and/or warehouse conditions, then, to the extent that deviations from such conditions are impermissible, anything contrary herein is void.