

- 1. ACCEPTANCE AND TERMS AND CONDITIONS:** (a) Seller should accept this order and any amendments thereto by signing the acceptance copy and returning it to Purchaser promptly, (b) By acceptance of this order, Seller agrees to be bound by and comply with all the terms and conditions of this order, including any supplements thereto, and all specifications and other documents referred in this order. However, performance of the work called for by this order in the absence of Seller's written acknowledgement thereof shall be deemed acceptance of this order, (c) This order does not constitute an acceptance by Purchaser of any offer to sell, any quotation, or any proposal. Reference in this order to any such offer to sell, quotation, or proposal shall in no way constitute a modification of any of the terms and conditions of this order. **AN ATTEMPTED ACKNOWLEDGMENT OF THIS ORDER CONTAINING TERMS AND CONDITIONS INCONSISTENT WITH OR IN ADDITION TO THE TERMS AND CONDITIONS OF THIS ORDER IS NOT BINDING UPON PURCHASER UNLESS SPECIFICALLY ACCEPTED BY PURCHASER IN WRITING. PURCHASER HEREBY OBJECTS TO ANY CONDITIONAL ACCEPTANCE.**
- 2. DEFAULT:** Time is of the essence of this Purchase Order Except in instances of delay which are due to causes beyond the reasonable control and without the fault or negligence of Seller and all its suppliers, direct and indirect at every subcontract level. Purchaser may give written notice of default to Seller to (a) terminate the whole or any part of this order in any one of the following circumstances: (I) if Seller fails to perform within the time specified herein or any extension thereof; or (II) if Seller fails to perform any of the other provisions of this order, or so fails to make progress as to endanger performance of this order in accordance with its terms, and in either of these two circumstances does not cure such failure within a period of ten (10) days or such longer period as Purchaser may authorize in writing after receipt of notice from Purchaser specifying such failure, and (b) upon such termination Purchaser may procure, upon such terms as it shall deem appropriate, supplies or services similar to those so terminated, in which case Seller shall continue performance of this order to the extent not terminated and shall be liable to Purchaser for any excess costs for such similar supplies or services. As an alternate remedy, and in lieu of termination for default, Purchaser at its sole discretion may elect (1) to extend the delivery schedule and/or (2) to waive other deficiencies in Seller's performance, in which case an equitable reduction in the Purchase Order price shall be negotiated. In the event Seller for any reason anticipated difficulty in complying with the required delivery date, or in meeting any of the other requirements of this order, Seller shall promptly notify Purchaser in writing. If Seller does not comply with Purchaser's delivery schedule, Purchaser may require delivery by fastest means possible and charges resulting from such premium

transportation must be fully prepaid and absorbed by the Seller. The rights and remedies of the Purchaser provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Purchase Order.

3. **INSPECTION:** (a) All goods (which term throughout this order includes without limitation to raw materials, work-in process, components, intermediate assemblies, tools, finished goods and end products) shall be subject to inspection and test by the Purchaser and its customers (which term throughout this clause shall include without limitation the Federal Government including its surveillance and/or regulatory agencies) to the extent practicable at all times and places including the period of manufacture and in any event prior to final acceptance by the Purchaser and its customers, (b) if any inspection or test is made on the premises of Seller or its supplier, Seller without additional charge shall provide all reasonable facilities and assistance for the safety and convenience of the inspectors in the performance of their duties. All inspection and tests on the premises of Seller or its suppliers shall be performed in such a manner as not to unduly delay the work (c) Final acceptance or rejection of the goods shall be made as promptly as practicable after delivery, except as otherwise provided in this order, but failure to inspect and accept or reject goods or failure to detect defects by inspection, shall neither relieve Seller from responsibility for such goods as are not in accordance with the order requirements nor impose liabilities on Purchase therefore, (d) Seller shall provide and maintain an inspection and process control system acceptable to purchaser and its Customer covering the goods hereunder. Records of all inspection work by Seller shall be kept complete and available to Purchaser and its Customer during the performance of this order and for such longer periods as may be specified in this order.
4. **WARRANTIES:** (a) Seller warrants that all goods and services sold hereunder or pursuant thereto will be free of any claim of any nature by any third person and that Seller will convey clear title thereto to purchaser as provided hereunder, (b) Seller warrants that all goods and services sold hereunder or pursuant hereto will be of merchantable quality, free from all defects in design, workmanship and materials, and will be fit for the particular purposes for which they are purchased and that the goods are provided in strict accordance with the specifications, samples, drawings, design or other requirements (including performance specifications) approved or adopted by Purchaser (c) any attempt by Seller to, limit, disclaim or restrict any such warranties or remedies of Purchaser, by acknowledgement or otherwise. In accepting or performing this order, shall be null, void and ineffective without Purchaser's written consent.
5. **REJECTIONS:** If any of the goods ordered are found at any time to be defective in materials or workmanship, or otherwise not in conformity with the requirements of this order, including any applicable drawings and specifications, Purchaser in addition to

such other rights, remedies and choices as it may have by contract or by law, at its option and sole discretion may: (a) reject and return such goods at Seller's expense, or (b) require Seller to inspect the goods and remove and replace nonconforming goods with goods that conform to this order. If Purchaser elects option (b) above and Seller fails to promptly make the necessary inspection, removal and replacement, Purchaser may at its option inspect and sort the goods; Seller shall pay the cost thereof.

6. **PURCHASER'S PROPERTY:** unless otherwise agreed in writing, all tools, equipment or materials of every description furnished to Seller by Purchaser, if any, or specifically paid for by Purchaser, and any replacement thereof, or any materials affixed or attached thereto, shall be and remains the personal property of Purchaser. Such property, and whenever practical each individual item thereof, shall be plainly marked or otherwise adequately identified by Seller as "Property of Carolina Narrow Fabric Co." and shall be safely stored separate and apart from Seller's property. Seller shall not substitute any property for Purchaser's property and shall not use such property except in filling Purchaser's orders. Such property while in Seller's custody or control shall be held at Seller's risk, shall be kept insured by Seller at Seller's expense in an amount equal to the replacement cost with loss payable to Purchaser and shall be subject to removal at Purchaser's written request, in which event Seller shall prepare such property for shipment and shall redeliver such property to Purchaser in the same condition as originally received by Seller, reasonable wear and tear excepted, all at Seller's expense.
7. **CHANGES:** The Purchaser may at any time, in writing, make changes within the general scope of this Purchase Order, in any one or more of the following: (I) drawings, designs, or specification where the goods to be furnished are to be specially manufactured for the Purchaser in accordance therewith; (II) method of shipment or packing; (III) place of delivery; and (IV) the amount of Government furnished property, if any. If any such change causes an increase or decrease in the cost of, or the time required for the performance of any work under this contract, whether changed or not changed, an equitable adjustment shall be made in the contract price or delivery schedule, or both, and the Purchase Order shall be modified in writing accordingly. Any claim by the Seller for adjustment under this clause must be asserted within thirty (30) days from the date of receipt by the Seller of the notification of change, provided, however, that the Purchaser, at its option, may receive and act upon any such claim asserted at any time prior to final payment under this contract. Any change in this order shall be authorized only by a duly executed Purchase order Amendment hereto.
8. **NON-ASSIGNMENT:** Assignment of this order or any interest therein or any payment due or to become due hereunder, without the written consent of the Purchaser, shall be void.

9. **SET-OFF:** Purchaser shall be entitled at all times to set off any amount owing at any time from Seller to Purchaser or any of its affiliated companies against any amount payable at any time by Purchaser in connection with the order.
10. **COMPLIANCE WITH LAWS:** Seller agrees to comply with the applicable provisions of any federal, state, or local laws or ordinances and all lawful orders, rules and regulations issued there under, and any provisions, representations or agreements, or contractual clauses required thereby to be included or incorporated by reference or operation of law in the contract resulting from acceptance of this order and dealing with: **Equal Opportunity**(Executive Order 11245 as amended by Executive Order 11375 and 12086); **Employment of Veterans** ( Executive Order 11701); **Employment of the Handicapped** (Executive Order 11768 as amended by Executive Order 11867); **Employment Discrimination Because of Age**(Executive order 11141); **Utilization of Disadvantaged Business Enterprises** (Executive Order 11625 & Public Law 95-507), Seller certifies that with respect to orders which exceed \$10,000 he is in compliance with the requirements for non segregated facilities set forth in 41 CFR Chapter 60.1.8. Further, Seller warrants that each chemical substance constituting or contained in goods sold or otherwise transferred to Purchaser hereunder is on the list of chemical substances compiled and published by the Administrator of the Environmental Protection Administration pursuant to the Toxic Substances Control Act (P.O. 94-469), as amended. Further, Seller certifies and guarantees that the goods supplied hereunder are in compliance with applicable sections of the Federal Consumer Product Safety Act (P.L. 92-673), as amended, and the Federal Hazardous Substances Act (P.O. 92-516) as amended, and lawful standards and regulations there under. Further, in accepting this order, Seller represents that the goods to be furnished hereunder were or will be produced in compliance with the requirements of the Fair Labor Standards Act of 1938, as amended, including Section 12(a) and Seller shall insert a certificate to that effect on all invoices submitted in connection with this order.
11. **CONFIDENTIAL OR PROPRIETARY INFORMATION:** Any knowledge or information which the Seller shall have disclosed or may hereafter disclose to the Purchaser, and which in any way relates to the goods or services covered by this order shall not, unless otherwise specifically agreed to in writing by the Purchaser, be deemed to be confidential or proprietary information, and shall be acquired by Purchaser, free from any restrictions (other than a claim for patent infringement, as part of the consideration for this order.
12. **INDEMNIFICATION:** If Seller's work under the order involves operations by Seller on the premises of Purchaser or one of Purchaser's customers, Seller shall take all necessary precautions to prevent the occurrence of any injury to person or property during the

progress if such work and except to the extent that any such injury is due solely and directly to Purchaser's or its customer's negligence, as the case may be, shall indemnify Purchaser against all losses which may result in any way from any act or omission of the seller, its agents, employees, or subcontractors, and Seller shall maintain such Public Liability Property Damage and Employee's Liability and Compensation Insurance as will, in Purchaser's sole judgment, protect Purchaser from such risks and from any claim under any applicable Worker's Compensation and Occupational Disease Acts. Seller shall further indemnify Purchaser against all losses which may result in any way from the breach by Seller of any of the representations, warranties, terms and conditions of this Purchase Order.

13. **INSOLVENCY:** If Seller ceases to conduct its operations in the normal course of business, including inability to meet its obligations as they mature, or if any proceeding under the bankruptcy or insolvency laws is brought by or against Seller or a receiver for Seller is appointed or applied for, or an assignment for the benefit of creditors is made by the Seller, Purchaser may terminate this order without liability except for deliveries previously made or for goods covered by this order then completed and subsequently delivered in accordance with the terms of the order.
14. **FURTHER ASSURANCES:** If, any time prior to delivery of all goods due under this Purchase Order, Purchaser has reasonable grounds for insecurity regarding Seller's ability to duly perform its obligations under this Purchase Order, Purchaser shall have the rights to demand adequate assurance of the due performance as provided by North Carolina General Statute 25-2-609. Seller agrees that such assurances at Purchaser's option may include Seller's posting a performance bond or obtaining a letter of credit in amount satisfactory to Purchaser. Should Seller fail to provide such assurances, Purchaser shall have the right to terminate this Purchase Order in addition to all other rights available at law.
15. **TERMINATION:** The Purchaser may terminate all or any part of this order at any time by written notice to Seller. Upon termination, Purchaser and Seller shall negotiate reasonable termination charges which will be identified by Seller within 30 days of termination.
16. **INFORMATION:** Seller shall keep confidential any technical process or economic information derived from drawings, specifications and other data furnished by Purchaser in connection with this order and shall not divulge, export, or use, directly or indirectly, such information for the benefit of any other party without obtaining Purchaser's prior written consent. Except as required for the efficient performance of this order. Seller shall not make copies or permit copies to be made of such drawings, specifications or other data without the prior written consent of Purchaser. If any

reproduction is made with prior consent, this notice shall be provided thereon. Upon completion or termination of this order, Seller shall promptly return to Purchaser all materials and any copies thereof, except for one record copy, incorporating any such information.

- 17. ENTIRE AGREEMENT:** This Purchase Order with such documents as are expressly incorporated herein by reference is intended by the parties as a final expression of their agreement with respect to such terms as are included herein, and as intended also as a complete and exclusive statements of the terms of their agreement. No course of prior dealing between the parties and no usage of the trade shall be relevant to determine the meaning of this agreement even though the accepting or acquiescing party has knowledge of the nature of the performance and opportunity for objection.
- 18. WAIVER:** No claim or right arising out of a breach of this contract can be discharged in whole or in part by a waiver or renunciation of the claim or right unless the waiver or renunciation is supported by consideration and is in writing signed by the aggrieved party. The failure of Purchaser to enforce at any time or for any period of time any of the provisions hereof shall not be construed to be a waiver of such provisions nor the right of Purchaser thereafter to enforce each and every such provision.
- 19. PATENTS.** Seller shall defend any suit or proceeding brought against Purchaser or its customers that is based on a claim that any article or apparatus or any part thereof, constituting goods furnished under this order, as well as any device or process necessarily resulting from the use thereof, constitute and infringement of any patent of the United States, if notified promptly in writing and given authority, information, and assistance (at Seller's expense) for the defense of the same, and Seller shall pay all damages and costs awarded therein. In case of said articles or apparatus, part or devices is enjoined, Seller shall, at its own expense and at its option, either procure for Purchaser the right to continue using said article or apparatus, part or device; or replace same with non-infringing equivalent, or remove said article or apparatus and refund the purchase price and the transportation and installation.
- 20. AUTHORIZED LABOR.** Seller certifies that its production in the United States of the goods and services supplied pursuant to this order has been and/or will be performed only by workers who are authorized to work in the United States under the laws of the United States, with particular reference to the Immigration and Nationality Act. Seller further certifies that it has completed in good faith an I-9 form for each worker pursuant to the Immigration Reform and Control Act of 1986 (P.L. 99-603) as amended, that such forms have been retained by the Seller in compliance with that Act as amended, and that Seller will furnish such form to Purchaser for review upon Purchaser's request. Seller further agrees to indemnify and hold Purchaser harmless for

Seller's violation of that Act, including but not limited to the knowing employment of unauthorized alien workers, the failure to complete and retain 1-9 forms, and the commission of unfair immigration-related employment practices.

21. **OTHER CLAUSES. PUBLICATIONS.** The Seller agrees that no acknowledgement or other information concerning the order and supplies or services provided hereunder will be made public by the seller without the prior written agreement of the Purchaser: **EXTRA CHARGES.** No extra charges of any kind will be allowed unless specifically agreed to by Purchaser in writing by the Purchaser. **TRANSPORTATION.** Unless otherwise stipulated on the face of this order, goods covered by this order shall be shipped "FOB" Seller's plant, title to said goods to pass to Purchaser upon delivery to carrier. However, transportation charges on goods sold delivered destination must be prepaid. No charges for unauthorized transportation will be allowed. Any unauthorized shipment which will result in excess transportation charges must be fully prepaid by the Seller. Seller shall not declare any value on such material shipped via United Parcel Service, Rail Express, Air Express, Air Freight or Parcel Post. Seller shall release all rail or truck shipments at the lowest released valuation permitted in the governing tariff or classification. **ANTICIPATION OF DELIVERY SCHEDULE.** Unless otherwise agreed in writing, Seller shall not make material commitment or production arrangements in excess of the amount or in advance of the time necessary to meet Purchaser's delivery schedule. It is Seller's responsibility to comply with this schedule, but not to anticipate Purchaser's requirements. Goods shipped to Purchaser in advance of schedule may be returned to Seller at Seller's expense. **MODIFICATION.** The Purchaser Order can be modified or rescinded only by writing signed by both parties of their duly authorized agents. **GOVERNING LAW:** The Purchaser Order and the legal relations among the parties hereto shall be governed by and construed in accordance with the laws of the State of North Carolina.