

**PRECISION FABRICS GROUP, INC.**  
**STANDARD TERMS AND CONDITIONS OF SALE**

1. **Controlling Terms.** The following terms and conditions shall govern all sales of goods and services by PRECISION FABRICS GROUP, INC. ("Seller") to the buyer ("Buyer") including without limitation the goods or services identified on the quotation, Order Acknowledgement, invoice or other document issued by Seller in connection with such sale (collectively, "Sales Document"). These terms and conditions and any additional terms and conditions set forth in any Sales Document shall constitute the entire agreement between Seller and Buyer and shall supersede all prior agreements, understandings and communications, whether written or oral, between Seller and Buyer and any prior course of conduct or course of dealing between Buyer and Seller. No modification of these terms and conditions or of any additional terms and conditions set forth in any Sales Document shall be binding on Seller unless contained in a writing signed by a duly authorized representative of Seller. Seller hereby objects to and rejects any term or condition in any purchase order or other document submitted by Buyer that differs from or purports to add to, modify or vary in any respect any of the terms and conditions set forth herein or in any Sales Document. These terms and conditions, and any Sales Document to which they pertain, may be transmitted to Buyer electronically or by any other commercially reasonable means.
2. **Credit.** Seller may refuse to extend or refuse to continue extending credit to Buyer at any time in Seller's sole discretion. If the total amount due or to become due under outstanding orders submitted by Buyer exceeds the credit limit for Buyer as fixed or changed from time to time in the sole discretion of Seller, then Seller, in its sole discretion, may (i) refuse to honor orders that exceed the credit limit, (ii) cease production of goods then being manufactured by Seller for Buyer in excess of the credit limit, (iii) refuse to deliver goods or services ordered and/or (iv) require Buyer to pay cash before delivery for any shipment in excess of such credit limit.
3. **Deliveries.** Unless otherwise specified in a Sales Document, all goods shall be shipped F.O.B. Seller's plant. All freight and shipping charges shall be paid by Buyer. Delivery shall occur and title to the goods and all risk of loss and damage to the goods shall pass to Buyer upon delivery of the goods to the carrier. Delivery of a quantity of the goods or services that does not vary more than ten percent (10%) from the quantity contracted for shall constitute due performance by Seller. Goods held by Seller at Buyer's request shall be held at Buyer's risk and expense. Bill and hold goods not called out by Buyer within six (6) months after invoice date may be transferred to a public warehouse or other facility for storage at Buyer's expense. Any shipment or tender made within fifteen (15) days after the date or period specified for delivery shall constitute good delivery or tender. Delay of delivery for more than fifteen (15) days shall entitle Buyer to reject only that portion of the order that is so delayed in delivery. Upon breach by Buyer as to any installment of goods, Seller may, at its option, treat such breach as severable or as a breach of the entire contract. If Buyer repudiates the contract or otherwise indicates its intention not to accept delivery in accordance with the contract terms, Seller may give notice in writing that Seller is willing to deliver in accordance with the contract, and such notice shall constitute valid tender of delivery.
4. **Acceptance.** Any goods or services received by Buyer and not objected to in writing within twenty (20) days following receipt shall be deemed accepted. If Buyer rejects any goods or services as nonconforming, Seller's sole responsibility shall be to repair or replace, at Seller's expense, any nonconforming goods or services with conforming goods or services.
5. **Payment.** Unless otherwise indicated in a Sales Document, all invoiced amounts shall be due and payable in full within thirty (30) days after the date of the invoice therefor. A late charge of one and one-half percent (1.5%) per month shall be payable on all past due invoice amounts. All invoiced amounts and other amounts owing to Seller are payable in United States dollars. Buyer may not take any discount or anticipation and may not apply any setoff against amounts invoiced unless expressly set forth in the Sales Document or otherwise expressly authorized by Seller in writing.
6. **Claims and Allowances.** Seller shall not be liable for normal manufacturing defects provided that the goods or services delivered comply in all material respects with Seller's specifications for such goods or services. If Buyer claims goods or services are defective in quality, they must be properly and promptly made available to Seller for examination, and if Buyer fails to make such goods available for examination, Buyer shall not be entitled to any allowance or claim as to such goods or services. Within thirty (30) days after receipt of a written notice from Buyer indicating the manner in which the goods or services fail to conform to specification, Seller may replace any nonconforming goods or services, and in such event no claim may be made by Buyer. Claims of any kind or nature, except for latent defects, are specifically barred unless made in writing within twenty (20) days after delivery of goods or prior to any cutting, altering or other processing of the goods in any manner, whichever is earlier. Claims for latent defects are barred unless made in writing within ninety (90) days after delivery.
7. **Cancellation.** Orders accepted by Seller may not be cancelled by Buyer without Seller's consent and upon payment of such cancellation charges as may be established by Seller in its discretion.
8. **Taxes.** Buyer shall pay all local, state, federal and foreign taxes, duties and governmental fees payable in connection with the sale of the goods or services (other than income taxes imposed on Seller as a result of such sale).
9. **Exclusion of Warranties.** Seller warrants only that the goods and services delivered to Buyer will meet Seller's standard specifications for such goods and services as in effect on the date of shipment or such other specifications as may be expressly agreed upon in a writing signed by Seller's duly authorized representative. SELLER MAKES NO OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH BUYER WAIVES. UNDER NO CIRCUMSTANCES SHALL SELLER BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES OF ANY KIND WHATSOEVER, INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS OR BUSINESS, INJURY TO ANY PERSON, PROPERTY DAMAGE OR OTHER LOSS, DAMAGE OR EXPENSE. IN NO EVENT SHALL SELLER BE LIABLE TO BUYER FOR DAMAGES IN EXCESS OF THE ACTUAL AMOUNT OF MONEY PAID TO SELLER FOR THE GOODS OR SERVICES CONTRACTED FOR. THIS LIMITED WARRANTY EXTENDS ONLY TO BUYER AND MAY NOT BE ASSIGNED OR OTHERWISE TRANSFERRED, IN WHOLE OR IN PART, BY OPERATION OF LAW OR OTHERWISE, TO ANY OTHER PERSON OR OTHER ENTITY. BUYER IS SOLELY RESPONSIBLE FOR DETERMINING WHETHER ANY GOODS OR SERVICES PURCHASED FROM SELLER ARE SUITABLE FOR ANY USE OR PURPOSE. Oral statements made by Seller's employees and agents do not constitute warranties, may not be relied upon as such by Buyer and under no circumstances shall be deemed to become part of any contract between Seller and Buyer.
10. **Indemnity.** In addition to the general disclaimer of warranties set forth in Section 9, Seller does not represent or warrant that any of its goods or services are suitable for use in any product or application subject to the federal Food, Drug and Cosmetics Act or any other federal or state law or regulation regulating the manufacture or sale of foods, drugs, medical supplies or devices, cosmetics or other regulated products. Buyer shall indemnify, defend and hold Seller harmless against and from any and all claims, liabilities, costs and expenses (including attorneys' fees) resulting or allegedly resulting from the use of Seller's goods or services in any products or applications subject to such laws or regulations or from any other application posing a serious risk of foreseeable harm to the end-user or the general public.
11. **Remedies.** If Buyer fails to pay Seller any sum when due or defaults in the performance of any other obligation to Seller, or if Buyer becomes insolvent, or if any bankruptcy, insolvency, reorganization or other proceeding for the relief of debtors is commenced by or against Buyer, or if Seller reasonably deems itself insecure or its prospects for payment impaired, all sums owing Seller by Buyer shall, at the option of Seller, become immediately due and payable, and Seller may cancel any and all contracts with Buyer and any and all contracts created by other Sales Documents or may defer or delay delivery under any or all contracts with Buyer until such sums are fully paid.
12. **Intellectual Property.** Unless otherwise expressly agreed in a writing signed by a duly authorized representative of Seller, all developments, innovations, improvements, designs and inventions created by Seller during the course of fulfilling any contract with Buyer shall be owned by Seller and shall not be considered "works made for hire". Seller shall own all patent, copyright and other intellectual property rights related thereto. Buyer may not use any of Seller's trademarks or trade names without first obtaining Seller's express, prior written consent. Buyer shall not replicate or reverse engineer any goods, or any element or component of any goods, manufactured by Seller under any contract. All tools and other devices and materials used by Seller to manufacture goods or performed services for Buyer shall remain Seller's sole and exclusive property, unless the parties expressly agree otherwise in writing.
13. **Governing Law.** All contracts and other agreements arising between Seller and Buyer shall be deemed made in, and shall be governed by and construed in accordance with the laws of, the State of North Carolina, without regard to its choice of law or conflicts of laws principles.
14. **Arbitration.** Any controversy, claim or dispute arising out of or relating to any contract, agreement or transaction between Seller and Buyer shall be resolved by arbitration. Any such arbitration proceeding shall take place in Greensboro, North Carolina, in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Judgment may be entered upon the award of the arbitrators in any state or federal court of competent jurisdiction. The arbitrators shall have no power to alter or modify any express provision of any of these terms and conditions of sale, any Sales Document or any other contract or to render any award that has the effect of altering or modifying any such provision. Seller shall also have all rights to provisional remedies it would have at law or equity. Any claim by Buyer is barred unless Buyer institutes proceedings to enforce such claim within one year after the claimed breach occurs. All rights and remedies of Seller under any contract or agreement with Buyer are in addition to Seller's other rights and remedies and are accumulative and not in the alternative.
15. **Jurisdiction and Venue.** Buyer and Seller consent to the jurisdiction of the courts of the State of North Carolina and the United States District Court for the Middle District of North Carolina in connection with any litigation arising out of any contract. The parties agree that any process or notice of motion or other application to any of said courts and any paper in connection with any litigation or arbitration proceeding may be served inside or outside the State of North Carolina by certified mail, return receipt requests, or by personal service or in such other manner as may be permissible under the rules of the applicable court or arbitration tribunal, provided a reasonable time for appearance or response is allowed. Each party agrees that venue of any litigation shall lie exclusively in the State or federal courts located in the State of North Carolina. Buyer waives any defense based on *forum non conveniens* and all other defenses to venue.
16. **Assignment.** No rights or obligations of Buyer under or arising out of any contract with Seller may be assigned, delegated or otherwise transferred by Buyer without the express, prior written consent of Seller. Subject to the foregoing, no transfer or other assignment of any rights and obligations under any contract between Seller and Buyer, by operation of law or otherwise, shall relieve the transferring or assigning party of its obligations thereunder.
17. **Severance.** If any term or provision of any contract or agreement between Seller and Buyer shall be found to be invalid, illegal or unenforceable, the contract or agreement shall otherwise remain in full force and effect and such term or provision shall be deemed stricken.
18. **Confidential Information.** Buyer shall not disclose any information provided by Seller that is identified by Seller as confidential or proprietary to Seller, and Buyer shall treat all such information with the same degree of care as Buyer treats its own confidential and proprietary information.
19. **No Discharge.** Any check or other form of payment received from or for the account of Buyer may be accepted and applied by Seller against any indebtedness or obligation owing by Buyer without prejudice to and without discharging the remainder of any such indebtedness regardless of any condition, statement or notation appearing on or accompanying such check or other form of payment.
20. **Force Majeure.** Seller shall not be liable for any default in performance or delay or failure of delivery due to any cause beyond Seller's reasonable control, including without limitation unavailability of materials, strikes, other labor disputes, embargoes, government regulations, national emergencies, casualties, accidents, fires, floods, storms, acts of God or civil disturbances. In any such circumstances, Seller may, without liability on Seller's part, cancel or terminate any contract or parts thereof or suspend and thereafter, upon removal of the difficulty or cause of such default or delay, resume deliveries of all or part of the goods and services remaining undelivered until the entire quantity of purchased goods has been delivered, and Buyer shall accept such deliveries, but if such delay in delivery exceeds twenty (20) days, Buyer may make written demand for delivery of the goods or services thus delayed and if such goods or services are not shipped by Seller within ten (10) days after receipt of such demand, Buyer may terminate the contract as to the undelivered goods, without liability on Seller's part.