

1. Acceptance

This Purchase Order is expressly conditioned upon Seller's assent that the terms and conditions set forth herein shall be the sole and exclusive terms and conditions applicable to Buyer's purchase of the goods listed and/or described herein (the "Goods"). Buyer shall not be bound by any terms or conditions contained in Seller's quotation or order acknowledgment forms or otherwise proposed by Seller which are additional to or different from the terms and conditions set forth herein, unless Buyer expressly agrees thereto in writing. In the absence of such agreement by Buyer, any performance by Seller pursuant to this Purchase Order, including without limitation, manufacture or shipment of the Goods or any portion thereof, shall be deemed to be an acceptance solely upon the terms and conditions set forth herein.

2. Prices

All of Seller's invoices to Buyer shall refer to this Purchase Order and contain its number. Any discount for prompt payment that Seller offers Buyer shall be determined from the date Buyer receives a correct invoice, and not from the date of any erroneous invoice. The prices specified in this Purchase Order are the total prices of the Goods to Buyer, and no charges for packing, crating, cartage, returnable containers, shipping or similar items or services will be accepted and paid by Buyer unless agreed to in writing prior to shipment and itemized separately. All sales, use, excise or similar taxes must also be itemized.

3. Duty Drawback Rights.

Buyer specifically reserves to itself all rights to duty drawback or taxes paid on materials purchased for manufacture or production of the Goods. Seller disclaims all interest in such rights and agrees to furnish Buyer with proof of importation, including a signed U.S. Customs Form 331 ("Certificate of Delivery" or "Certificate of Manufacture and Delivery") and any other documents necessary for Buyer to obtain payment of any applicable duty drawback.

4. Delivery

Time is of the essence. Seller shall promptly notify Buyer of any actual or anticipated delays in delivery and shall take all reasonable steps to avoid or end such delays, at no additional cost to Buyer. If Seller fails to ship all or any portion of the Goods on or before the date promised, Buyer shall have the right to cancel this Purchase Order, without liability to itself, for any Goods not yet shipped and shall have the right to cover by purchase of substitute Goods (and to collect any such cover costs from Seller).

5. Inspection.

Buyer shall have the right to inspect the Goods after they are received at the destination specified herein. However, the making of or failure to make any inspection of, or payment for, the Goods shall in no way limit Buyer's right to reject nonconforming or defective Goods, nor be deemed to constitute acceptance by Buyer of the Goods. Buyer shall have a reasonable time after it discovers a defect or nonconformity to reject the Goods or to revoke its acceptance of the Goods. If Buyer rejects the Goods or revokes its acceptance of the Goods, and Seller does not deliver conforming Goods on or before the delivery date specified herein, Buyer shall have the option to terminate all or a portion of this Purchase Order and to obtain a prompt refund from Seller for payments made with respect to the terminated portion of the Purchase Order, including, without limitation, any costs of cover resulting from the purchase of substitute Goods. Rejected Goods shall be held by Buyer, at Seller's expense, until Buyer receives Seller's written instructions regarding disposition of the Goods.

6. Warranties

Seller represents and warrants to Buyer that: (a) Seller will deliver to Buyer good, exclusive and marketable title to the Goods, free and clear of all liens, security interests, claims and other encumbrances; (b) all Goods shall conform to specifications, drawings, samples and/or other descriptions furnished or approved by Buyer, shall be fit and sufficient for the purpose intended, merchantable and free from defects in design, materials and workmanship; and (c) no applicable Federal, state, local or foreign law, rule, regulation, order or other directive will be violated in the manufacturing, selling or delivery of the Goods. At its sole expense, Seller shall promptly repair or replace, at Buyer's option, all Goods that do not fully comply with the warranties in this section. These warranties shall be in addition to any other warranties customarily extended by Seller to its customers and shall survive inspection, test, acceptance and payment. All warranties herein shall run to Buyer and its successors, assigns and customers. Seller shall, at any time, be chargeable for repairs made by Buyer to correct Seller's breach of a warranty herein if Seller has been given notice of such breach and has failed to take prompt and effective action to correct such breach.

7. Risk of Loss

The risk of loss or of damage to the Goods shall not pass to Buyer until the Goods are received and accepted by Buyer at the destination specified herein. Risk of loss or of damage to rejected Goods shall pass to Seller at the time of rejection by Buyer.

8. Changes

No changes or substitutions shall be made in this Purchase Order without the prior written consent of Buyer. Buyer shall have the right to make changes at any time, by written direction to

Seller, in drawings, specifications, designs, quantities, places and times of delivery and methods of packaging. If Seller believes that a change requested by Buyer affects the price or delivery date for the Goods, Seller shall notify Buyer in writing (with adequate supporting documentation) within ten (10) working days after receipt of a change order, and Seller shall not perform the requested change without the prior written consent of Buyer. Buyer and Seller shall mutually agree in writing on any adjustment in the price and/or delivery date caused by the requested change. Seller's claim for an adjustment will be deemed to have been waived unless asserted by Seller within fifteen (15) days after receipt of Buyer's change order. Seller shall not stop performance of any unaffected portion of the Purchase Order while Buyer and Seller are in the process of making any such changes and adjustments.

9. Buyer's Property.

Unless otherwise agreed in writing, all drawings, sketches, blueprints, specifications, designs, models, tools, molds, jigs, dies, patterns and other materials furnished or paid for by Buyer in connection with this Purchase Order shall be and remain the property of Buyer, shall at all times be identified as such and segregated from similar property of others, shall be used only in filling Buyer's Purchase Order, and shall be delivered to Buyer or otherwise disposed of in accordance with Buyer's instructions upon completion, termination or cancellation of this Purchase Order or upon Buyer's demand prior thereto. Seller assumes all risk and liability for loss of or damage to Buyer's property in its custody or control, except for normal wear and tear and shall insure the said property at its own expense, for an amount at least equal to the replacement cost thereof, with losses payable to Buyer. Seller shall obtain adequate insurance coverage and shall furnish copies of policies or certificates of such insurance to Buyer at Buyer's request. All insurance policies other than workers' compensation and employer liability policies shall name Buyer as an additional insured.

10. Hazardous Materials.

Seller shall promptly notify Buyer in writing if any materials or Goods required by the Purchase Order are deemed hazardous under all laws, rules or regulations of any applicable governmental or regulatory authority. All Goods and materials under this Purchase Order shall be packaged, marked and shipped by Seller in compliance with all laws, rules and regulations of applicable governmental or regulatory authorities and with any special requirements of Buyer provided in writing with this Purchase Order.

11. Indemnity.

Seller agrees to indemnify and hold harmless Buyer, its subsidiaries, affiliates, successors, assigns, directors, officers, employees, agents, customers and users of its products against any and all claims, demands, losses, damages, liabilities and obligations, including, without limitation, costs, expenses and attorneys' fees arising out of or relating to: (a) any claim that the

Goods or Buyer's use of the Goods constitutes an infringement of any patent, copyright, trademark, trade name, service mark or other proprietary right; (b) any claim that the Goods are defective; (c) any breach of warranty by Seller; or (d) the manufacture, use, sale, delivery or disposal of the Goods. For any claim arising under (a) above, Seller shall have the right, at its sole expense, to obtain for Buyer the right to continue using the Goods or to modify or replace the Goods in a manner acceptable to Buyer in its sole discretion. Buyer shall notify Seller as soon as practicable of any claim under this Paragraph.

12. Assignment.

Without Buyer's prior written consent, Seller shall not assign, delegate or subcontract all or any portion of this Purchase Order. Any purported assignment, delegation or subcontracting made without such consent shall be void. In no event shall any transfer or assignment of this Purchase Order relieve the Seller of any liability hereunder.

13. Termination.

At any time, with or without cause, Buyer shall have the right to terminate all or a portion of this Purchase Order by written or facsimile notice. Upon receipt of notice of cancellation, Seller shall immediately discontinue performance and shall comply with Buyer's instructions concerning disposition of completed and partially completed Goods, work-in-progress and raw materials ("Materials") acquired pursuant to this Purchase Order. In the event of termination, Buyer's sole and only liability to Seller shall be Seller's reasonable direct costs of performance actually incurred prior to termination in connection with completed and partially completed Materials in Seller's possession at the time of termination, plus an amount equal to the percentage of net profit Seller would have realized on any necessary work performed prior to termination of the Purchase Order, but less any salvage amount that Seller can realize by selling or using any of the Materials. In no case shall Buyer's liability exceed ten percent (10%) of the value of the canceled goods. Seller shall have the burden of proof on all such amounts. In no event shall Buyer's payment upon termination exceed the price specified herein for such Goods.

14. Default.

If Seller shall be adjudged bankrupt, make a general assignment for the benefit of its creditors or if a receiver, trustee, custodian or similar official is appointed on account of Seller's insolvency, or if Seller defaults under any term or provision of this Purchase Order and does not cure that default within ten (10) days after Buyer gives Seller written notice, Buyer shall be entitled to: (a) suspend its performance under this Purchase Order; (b) terminate this Purchase Order and have no further obligation to Seller; or (c) pursue any other right or remedy that Buyer may have. Buyer shall be entitled to set off all amounts Seller owes Buyer as a result of the default against any amounts Buyer owes Seller for Goods completed in full compliance with this Purchase Order. Nothing contained in Paragraph 13 above shall in any way limit or affect Buyer's rights

upon Seller's default.

15. Confidentiality.

Seller shall keep confidential and not disclose to any person or entity any information that Buyer designates as being confidential. Seller shall not in any way publicize Buyer's name, the fact that Seller is selling Goods to Buyer under this Purchase Order or any other confidential information of Buyer without the prior written consent of Buyer.

16. Rights and Remedies.

Buyer's rights and remedies set forth herein shall be cumulative and in addition to all other rights and remedies available to Buyer in law or equity.

17. Waiver of Subrogation.

Each party waives (for itself and its insurance carrier) all its rights against the other party and the other party's respective employees, agents, suppliers and subcontractors to recover damages caused by fire or other perils to the extent such damages are covered by property insurance. This provision shall have no effect to the extent that it invalidates or otherwise limits the insurance coverage of a party.

18. Waiver.

Waiver by Buyer of any breach of any provision contained herein shall not constitute or be deemed a waiver of any other breach of such provision or of any other provision. Buyer's delay or failure to enforce any of its rights hereunder shall not be deemed a waiver of such rights.

19. Entire Agreement.

This Purchase Order contains the entire agreement of the parties and supersedes all prior and contemporaneous agreements, understandings, usages of trade and courses of dealing, whether written or oral. This Purchase Order may only be modified by a written agreement, signed by both parties, expressly modifying this Purchase Order.

20. Headings.

The paragraph headings contained herein are for reference only and shall not affect in any way the meaning and interpretation of the terms and conditions set forth herein.

21. Governing Law; Venue; Limitations of Actions.

To the extent not inconsistent with the terms set forth herein, this Purchase Order shall be governed by the Uniform Commercial Code as adopted in the State of North Carolina and shall otherwise be governed by the internal laws (notwithstanding the conflict of law provisions) of the State of North Carolina. Whenever a term defined in the North Carolina Uniform Commercial Code is used herein, the definition contained in such Uniform Commercial Code is to control.

SELLER HEREBY CONSENTS TO THE JURISDICTION OF ANY STATE COURT LOCATED WITHIN CATAWBA COUNTY, NORTH CAROLINA OR ANY FEDERAL COURT LOCATED IN THE WESTERN DISTRICT OF THE STATE OF NORTH CAROLINA AND CONSENTS THAT ALL SERVICE OF PROCESS BE MADE BY REGISTERED OR CERTIFIED MAIL DIRECTED TO IT AT ITS ADDRESS SET FORTH ON THE PURCHASE ORDER. SERVICE SO MADE SHALL BE DEEMED TO HAVE BEEN COMPLETED UPON THE EARLIER OF ACTUAL RECEIPT THEREOF OR THIRTY (30) BUSINESS DAYS AFTER DEPOSIT IN THE UNITED STATES MAIL, PROPER POSTAGE PREPAID AND PROPERLY ADDRESSED. TO THE EXTENT PERMITTED BY LAW, SELLER WAIVES TRIAL BY JURY AND WAIVES ANY OBJECTION THAT IT MAY HAVE BASED ON LACK OF JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS TO THE CONDUCT OF ANY PROCEEDING INSTITUTED HEREUNDER OR ARISING OUT OF OR IN CONNECTION WITH THIS PURCHASE ORDER. NOTHING IN THIS PURCHASE ORDER SHALL AFFECT THE RIGHT OF BUYER TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING ANY ACTION OR PROCEEDING AGAINST SELLER IN THE COURTS OF ANY OTHER JURISDICTION THAT HAS JURISDICTION OVER SELLER. NO ACTION MAY BE BROUGHT BY BUYER FOR SELLER'S BREACH OF THIS PURCHASE ORDER OR ANY COVENANT OR WARRANTY ARISING THEREFROM MORE THAN ONE (1) YEAR AFTER THE CAUSE OF ACTION HAS ACCRUED.

22. Laws and Regulations.

In addition to the warranties regarding compliance with all applicable law set forth in Paragraph 6 above, Seller makes the following representations and warranties. The United States Convention on Contracts for the International Sale of Goods does not apply to this Purchase Order and shall be disclaimed and excluded from any contracts placed by Seller with its suppliers. To the extent applicable to this Purchase Order, the following laws, orders and regulations, as amended from time to time, are incorporated herein by reference, and Seller warrants that it is in full compliance with each of the following: (a) Executive Order 11246; (b) the Vietnam Era Veterans Readjustment Assistance Act of 1974 and applicable sections of 41 C.F.R. relating to the employment of veterans; (c) the Rehabilitation Act of 1973; (d) the Occupational Safety and Health Act of 1974; and (e) 15 U.S.C. § 637(d)(3) and 48 C.F.R. §

52.219 relating to small and disadvantaged business concerns. Seller warrants that it does not discriminate on the basis of race, color, national origin, sex, age, religion or handicap, that it has an affirmative action policy ensuring equal employment opportunity with regard to the factors listed above and that it is not suspended from being awarded Federal or Federally assisted contract