

WARWICK MILLS INC. STANDARD TERMS AND CONDITIONS OF PURCHASE

1. ACCEPTANCE OF ORDER

Warwick Mills Inc. (WMI) offers to purchase from Seller the material and services (collectively, the ~~Products~~) identified in the Purchase Order attached hereto (~~Order~~). The Order shall become legally enforceable on the earliest of delivery of acknowledgment signed by Seller, commencement of performance, or shipment of all or any portion of the Products covered under the Order. By accepting the Order, the Seller agrees to all of the terms and conditions contained herein and all terms and conditions contained in its quotation, acknowledgement, invoice or other documents which are different than or additional to those contained herein shall be null and void.

2. DELIVERY

2.1 Seller shall comply with all written shipping instructions provided by WMI. Seller will preserve, pack, package and handle the Products so as to protect the Products from loss or damage in accordance with best commercial practices. Without limiting the foregoing, Seller shall observe the requirements of all local laws and regulations relating to hazardous materials, including, without limitation, those relating to packing, labeling, reporting, carriage and disposal.

2.2 Seller will include with each delivery of Products a packing slip containing at minimum the following information: (a) WMI's part number; (b) WMI's Part Description; (c) WMI's Order, Order Line Number, and Order Amendment Number when applicable (d) Outer box pack quantity; (e) Inner case pack quantity; (f) Seller's name; (g) shipping date. This information must also appear on all correspondence, shipping labels, shipping documents, packing slips, bills of lading, air bills and invoices.

2.3 Seller will bear the cost and risk for all packing, crating, returnable containers, freight and all other services unless so specified in the Order. Damage to any materials resulting from improper packaging will be charged to Seller.

2.4 Unless otherwise stipulated on the Order, Products covered by the Order shall be shipped "F.O.B. Destination, shipping charges prepaid."

2.5 The mode of transportation shall be specified by WMI. No charges for unauthorized transportation shall be allowed. Any unauthorized shipment which shall result in excess transportation charges, must be fully prepaid by the Seller.

2.6 Seller agrees to deliver all Products to the location specified on the Order at Seller's own risk. Seller shall bear the risk of loss, destruction or damage until the Products are accepted by WMI. Seller assumes responsibility for all shipping and delivery charges including, without limitation, customs, duties, costs, taxes and insurance.

2.7 WMI required dates are "On-Dock" dates unless otherwise specified in the Order. Therefore, Products shall be shipped to arrive on that date at the specified location, via standard shipping methods. If the Seller does not meet WMI's required delivery date WMI may require delivery by fastest way, charges resulting from any premium transportation shall be fully absorbed by the Seller.

2.8 Failure to deliver in accordance with the delivery schedule under the Order, if not excused, shall be considered a material breach. WMI reserves the right to refuse to accept or return at Seller's risk and expense shipments made in excess of WMI's orders or in advance of required schedules, or to defer payment on advance deliveries until scheduled delivery dates unless otherwise stipulated on the Order.

2.9 Seller shall notify WMI in writing immediately of any actual or potential delay to the performance of this Order. Such notice shall include a proposed revised schedule, but such notice and proposal or WMI's receipt or acceptance thereof shall not constitute a waiver of WMI's rights and remedies hereunder.

3. TERMINATION FOR CONVENIENCE

3.1 WMI may, at any time by written notice, terminate this Order in whole or in part for convenience and without cause; such termination shall not constitute default. In the event of partial termination, Seller is not excused from performance of the non-terminated balance of Products to be provided or services to be performed under the Order.

3.2 In the event of termination for convenience by WMI, Seller shall be reimbursed for actual, reasonable, substantiated and allowable costs, plus a reasonable profit, for Product provided to date of termination. In no case shall WMI be obligated for any amount in excess of the Order price for terminated Products, or for any amount greater than the percentage of the Order price reflecting the percentage of the Product delivery prior to notice of termination, whichever is less, plus reasonable costs established by Seller to the reasonable satisfaction of WMI. WMI may choose to take possession of all Products so provided upon written notice of termination to Seller.

4. TERMINATION FOR DEFAULT

4.1 WMI may by notice in writing of default to Seller, terminate this Order in whole or in part at any time (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 WMI may

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authorize in writing after receipt of notice from WMI specifying such failure.

4.2 Upon termination, WMI may procure, as it deems appropriate, materials or services similar to those that were to be provided under the Order and Seller shall be liable to WMI for any excess costs for such similar materials or services.

4.3 As an alternate remedy, and in lieu of termination for default as described above, WMI, at its sole discretion, may elect to extend the delivery schedule and/or to waive other deficiencies in Seller's performance, in which case an equitable reduction in the Order price and the amount of WMI's damages shall be negotiated. The rights and remedies of WMI provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Order.

5. FORCE MAJEURE

5.1 Neither WMI nor Seller shall be deemed to have breached this Agreement as a result of delays in performance where such delays result from occurrences beyond the control, and without the fault, of the party seeking excuse. Neither party shall be liable for delays caused by the other party.

5.2 Any party seeking excuse shall notify the other party in writing of the cause of the delay within ten (10) days of its delay, and take all reasonable steps to mitigate the effect of such delay on the other party.

5.3 The time of any affected performance shall be extended by a period of time equal to the length of any such excused delay, or WMI may decide to terminate for convenience its requirements with respect to all or part of the Order, if anticipated delay is beyond thirty (30) days.

5.4 WMI's obligation to make any payments hereunder shall be suspended for the duration of any excused delay hereunder.

6. PROPRIETARY RIGHTS

6.1 Seller shall keep confidential any technical, process or economic information derived from or contained in any drawings, specifications, software or other data ("Confidential Information") furnished by WMI and shall not divulge, export or use, directly or indirectly, any such Confidential Information without obtaining WMI's express prior written consent.

6.2 All Confidential Information supplied to WMI by Seller shall be disclosed to WMI on a non-proprietary basis and may be used and/or disclosed by WMI without restrictions, unless (i) otherwise required by the U.S. Government Regulations referred to below, or (ii) WMI has executed a separate agreement restricting the use and disclosure of such Confidential Information.

6.3 Subject to Section 6.4 below, all Confidential Information which is (i) supplied to Seller by WMI, or (ii) obtained or developed by Seller in the performance of this Order or (iii) paid for by WMI shall be proprietary to WMI, shall be used only for purposes of providing materials or services to WMI pursuant to this Order, and shall not be disclosed to any third party without WMI's express prior written consent. All such Confidential Information shall be promptly returned or provided to WMI on request.

6.4 Any invention or intellectual property first made or conceived by Seller in performance of this Order that was derived from or based on the use of information supplied by WMI shall be considered to be the property of WMI, and Seller shall execute such documents necessary to perfect WMI's title thereto.

7. WARRANTY

7.1 Seller warrants that all Products shall be free of any claim of any nature by any third party and that Seller shall convey clear title to WMI.

7.2 Seller warrants and represents that all Products shall be of merchantable quality, free from all defects in design, workmanship and materials, and shall be fit for the particular purposes for which they are intended and that the materials are provided in strict accordance with the specifications, samples, drawings, designs or other requirements (including performance specifications) approved or adopted by WMI.

7.3 All warranties under this Order shall be for the benefit of WMI, its successors, assigns, customers and the ultimate users of the materials and services covered under this Order. These warranties, Seller's service guarantees, and implied warranties, shall survive inspection, test, and acceptance, and shall run to WMI and subsequent owners and users of the products.

7.4 If any of the Product is found at any time to be defective in material or workmanship, or otherwise not in strict conformity with the requirements of this Order, including any applicable drawings and specifications, WMI, 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) return Product and receive full refund of the purchase price paid by WMI for such Products, (b) require Seller to repair any Products found to be defective in violation of these warranties, without charge, and (c) require Seller to replace Products with new Products that conform to the above requirements. Cost of repair, rework, replacement, inspection, transportation, repackaging, and/or re-inspection shall be at Seller's expense.

7.5 Any attempt by Seller to limit, disclaim, or restrict any such warranties of WMI, by acknowledgment or otherwise, in accepting or performing this Order, shall be null, void and ineffective without WMI's express prior written consent.

8. INSPECTION

8.1 All materials and workmanship provided hereunder shall be subject to inspection and test at all reasonable times and

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places by WMI, or WMI's customers (collectively, the "Customers") before, during and after performance and delivery.

8.2 If any inspection or test is made on the premises of Seller or any of its suppliers, Seller shall provide all reasonable facilities and assistance for the safety and convenience of the WMI inspectors in the performance of their duties. All inspections and tests on the premises of Seller or its suppliers shall be performed in such a manner as not to unduly delay the work.

8.3 Final acceptance or rejection of the materials shall be made as promptly as practical after arrival at WMI's facility except as otherwise provided in this Order, but failure to inspect and accept or reject materials or failure to detect defects by inspection, shall neither relieve Seller from responsibility for such materials nor impose liabilities on WMI.

8.4 Seller shall provide and maintain an inspection and process control system acceptable to WMI and WMI's customers covering all materials and work performed under this Order. Records of all inspection work by Seller shall be kept complete and available to WMI and the Customers during the performance of this Order and for such longer periods as may be specified in this Order.

9. CHANGES

WMI shall have the right by written order to suspend work, to make changes from time to time in the Products under this Order or to change the delivery date. 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 Order, an equitable adjustment shall be negotiated promptly and the Order shall be modified in writing accordingly. Any claim by the Seller for adjustment under this section must be asserted within fifteen (15) days from the date of receipt by the Seller of the notification of change; provided, however, that WMI, if it so chooses, may receive and act upon any such claim asserted at any time prior to final payment hereunder.

10. TAXES

Unless this Order specifies otherwise, the price of this Order includes, and Seller is liable for and shall pay, all taxes, impositions and charges imposed on or measured by this Order except for applicable sales and use taxes that are separately stated on Seller's invoice. Prices shall not include any taxes, impositions, charges or exactions for which WMI has furnished a valid exemption certificate or other evidence of exemption. To the extent that WMI is required to do so under applicable United States law or tax regulations, WMI may deduct from any payments due to Seller pursuant to this Order such taxes as WMI is required to withhold from such payments and pay such taxes to the relevant tax authorities; provided, however, that WMI provides Seller with relevant tax receipts or other suitable documentation evidencing the payment of such taxes promptly after such taxes are paid.

11. ASSIGNMENT

11.1 Seller may not assign any rights or delegate any of its obligations that are due or that become due under this Order without the prior written consent of WMI. Any assignment or delegation by Seller without such consent shall be void.

11.2 Seller shall promptly notify WMI in writing in advance of any organizational changes planned by Seller, including name or ownership changes, mergers or acquisitions.

12. COMPLIANCE WITH LAWS

12.1 Seller warrants that the materials to be furnished and the services to be rendered under this Order shall be manufactured, sold, used and rendered in compliance with all federal, state and local laws, orders, rules, ordinances and regulations and in compliance with applicable international prohibitions on child labor.

12.2 Seller warrants that all materials delivered under this Order are in conformance with the latest Occupational Safety and Health Act (OSHA) requirements and shall provide all required WMI Material Safety Datasheets.

12.3 Seller warrants that in the performance of this Order, it will comply with all applicable U.S. Department of Transportation regulations on hazardous materials and any other pertinent federal, state, or local statutes, laws, rules or regulations; and Seller shall hold WMI harmless from any loss, damage, fine, penalty, or expense whatsoever that WMI may suffer as a result of Seller's failure to comply with this warranty

12.4 Seller warrants that it has complied with the Anti-Kickback Act of 1986 and has not offered or given and will not offer or give to any employee, agent, or representative of WMI any gratuity or any kickback within the meaning of the Anti-Kickback Act of 1986.

12.5 Seller represents that the materials to be furnished under this Order were or will be produced in compliance with the requirements of the Fair Labor Standards Act of 1938.

12.6 This Order, and all subcontracts, incorporate by reference and are subject to the following regulations of the OFCCP, Department of Labor: 41 C.F.R. 60-1.4(a) (race, color, religion, sex and national origin); 41 C.F.R. 60-250.5 and/or 300.5 (veterans); 41 C.F.R. 60-741.5 (disability) and 29 C.F.R. Part 471. Notification of Employee Rights Under Federal Labor Laws pursuant to Executive Order 13496.

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13. GOVERNMENT CONTRACTING REQUIREMENTS

13.1 This Order and all subcontracts may be subject to a number of federal regulations incorporated into WMI's federal prime contracts. Supplier shall comply with the following federal regulations, to the extent applicable: 52.203-13, (Contractor Code of Business Ethics and Conduct); 52.203-15 (Whistleblower Protections under the ARRA), 52.212-5 (d) (1) (Comptroller General Examination of Record); 52.219-8 (Utilization of Small Business Concerns); 52.222-26 (Equal Opportunity); 52.222-35 (Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans); 52.222-36 (Affirmative Action for Workers with Disabilities); 52.222-39 (Notification of Employee Rights Concerning Payment of Union Dues or Fees); 52.222-41 (Service Contract Act of 1965); 52.222-50, (Combating Trafficking in Persons); 52.222-51 (Exemption from Application of the Service Contract Act to Contracts for Maintenance, Calibration, or Repair of Certain Equipment-Requirements); 52.222-53 (Exemption from Application of the Service Contract Act to Contracts for Certain Services-Requirements); 52.222-54, (Employment Eligibility Verification and 52.203-13 (Contractor Code of Business Ethics and Conduct).

13.2 Seller certifies, represents and warrants as of the execution date of this Order and on a continuing basis thereafter, that country of origin labeling, identification, and Product packaging and certifications thereto are accurate, and comply with applicable U.S. laws, treaties, and regulations; including but not limited to: The Buy America Act, Trade Agreements Acts and the North American Free Trade Agreement (NAFTA). Seller shall mark all Products and/or packaging with correct country of origin markings, and provide accurate Export Commodity Control Numbers (ECCNs), and US Census Bureau Schedule B Harmonized Tariff codes in conformity with all U.S. laws, treaties and regulations, including but not limited to the Buy America Act, NAFTA, and Trade Agreements Acts.

13.3 If Products qualify for preferential treatment under the North American Free Trade Agreement ("NAFTA"), Seller shall provide as requested by WMI, and on a continuing basis, properly completed, accurate and signed NAFTA Certificates of Origin. If Products do not qualify for preferential treatment under NAFTA, Seller shall further provide and certify to WMI the accurate country of origin status or where the last substantial transformation of Products occurred.

13.4 Seller shall notify WMI on a continuing basis of all changes in country of origin criteria, Buy America Act, or Trade Agreement Acts information, NAFTA origin information, harmonized tariff codes, and ECCNs status.

13.5 Seller shall comply with the following export-controlled Products requirements as applicable. Export-controlled Products means Products subject to the Export Administration Regulations (15 CFR Parts 730-774) or the International Traffic in Arms Regulations (22 CFR Parts 120-130). The parties anticipate that, in the performance of this Order, the Seller may require access to export-controlled items. In doing so, (i) Seller shall comply with all applicable laws and regulations regarding export-controlled Products, including the requirement for contractors or Suppliers to register with the Department of State in accordance with the International Traffic in Arms Regulations (ITAR). As applicable, Seller shall consult with the Department of State regarding issues relating to the ITAR and with the Department of Commerce regarding any questions relating to the Export Administration Regulations (EAR). (ii) Seller shall include this paragraph 13.5 (i) and (ii) in all Seller subcontracts that are expected to involve access to, or generation of export-controlled items. Compliance with US export laws and regulations exists independent of, and is not established or limited by, the information provided by paragraph 13.5, and nothing in the terms of this purchase order is intended to change, supersede, or waive any of the requirements of applicable federal laws, executive orders, and regulations relating to US export control.

13.6 Seller shall comply with applicable Consumer Product Safety Commission regulations including providing certificates of conformity as required by the Consumer Product Safety Improvement Act of 2008.

14. INDEMNITY

14.1 Seller shall be responsible for the actions and failure to act of all parties retained by, through, or under Seller in connection with the performance of this Order. Seller shall also maintain and cause its subcontractors to maintain such General Liability, Property Damage, Employers Liability, and Workers' Compensation Insurance, Professional Errors and Omissions Insurance, and Motor Vehicle Liability (Personal Injury and Property Damage) Insurance as are specified in this Order or, if none are specified, such amount as will protect Seller (and its subcontractors) and WMI from said risks and from any claims under any applicable Workers' Compensation, Occupational Disease, and OSHA statutes.

14.2 Seller shall, without limitation, indemnify and save WMI and its customers, and their respective officers, directors, employees and agents harmless from and against (i) all claims (including claims under Workers' Compensation or Occupational Disease laws) and resulting costs, expenses and liability, which arise from personal injury, death, or property loss or damage attributed to, or caused by, the materials or services supplied by Seller pursuant to this Order, and (ii) all claims (including resulting costs, expenses and liability) by the employees of Seller or the employees of any of Seller's subcontractors.

15. INSOLVENCY

If Seller ceases to conduct its operations in the normal course of business, including inability to meet its monetary or non-monetary 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, WMI may terminate this Order without liability, except for liability for deliveries previously made or for materials covered by this Order that are completed at termination and subsequently delivered in accordance with the terms of this Order.

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16. WAIVER

No claim or right arising out of a breach of this Order 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 WMI 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 WMI thereafter to enforce each and every such provision.

17. INFRINGEMENT

Seller warrants that all Products and parts thereof provided by Seller pursuant to this Order, which are not of WMI's design, shall be free from claims of infringement (including misappropriation) of third party intellectual property rights, and that any use or sale of such materials by WMI or any of WMI's customers shall be free from any claims of infringement. Seller shall indemnify and save WMI, and its customers harmless from any and all expenses, liability, and losses of any kind (including all costs, expenses and attorney's fees) arising out of claims, suits, or actions alleging such infringement, which claims, suits or actions Seller, hereby, agrees to defend, at Seller's expense, if requested to do so by WMI. Seller may replace or modify infringing materials with comparable materials acceptable to WMI of substantially the same form, fit and function so as to remove the source of infringement, and Seller's obligations under this Order shall apply to the replacement and modified materials.

18. RELEASE OF INFORMATION

Seller shall not publish, distribute, or use any information developed under or about the existence of this Order, or use WMI's Company name, logo, trademark, for the purpose of advertising, making a news release, creating a business reference, creating a website, or for products or service endorsement without express prior written approval of WMI.

19. PRICE/TERMS OF PAYMENT

19.1 Shipment of this Order shall not be made at prices higher than shown hereon. If prices are not specified, shipment shall be made at prices prevailing at date of shipment or date of Order, whichever is lower. .

19.2 Seller shall make no charge for packing, crating, cartage or storage unless specifically authorized herein. Seller shall send WMI an invoice after Seller ships materials or supplies services.

19.3 Unless WMI and Seller otherwise agree, payment shall be made in U.S. Dollars for such products and/or services forty-five (45) days after receipt and acceptance of goods by WMI, by check or wire transfer to an account as specified by the Seller or as otherwise directed by Seller.

19.4 All prices are net of all taxes, duties and other governmental charges. No extra charges of any kind including interest, service, or carrying charges will be allowed unless specifically agreed to by WMI in writing.

19.5 No extra charges of any kind shall be allowed without prior approval of WMI (verbal or written).

19.6 WMI shall be entitled at all times to set off any amount owing at any time from Seller to WMI or any of its affiliated companies against any amount payable at any time by WMI.

20. GOVERNING LAW

This Order and the rights and obligations of the parties hereunder shall be governed by the laws of the State of New Hampshire, without regard to any conflicts of laws principles that might otherwise dictate application of the law of any other jurisdiction. The exclusive forum for adjudication of any disputes between you and us shall be the federal or state courts of the State of New Hampshire, and both parties hereby consent to personal jurisdiction and venue in such courts in any such proceeding. WMI hereby expressly objects to any provision of any acknowledgement or similar document of the Seller that would purport to require disputes to be resolved through arbitration.

21. ENTIRE AGREEMENT

This Order, with such documents as are expressly incorporated by reference, is intended by the parties as a complete and exclusive statement of the terms of their agreement. No course of prior dealings between the parties, no usage of the trade, no prior or contemporaneous agreement, representation or understanding, oral or written, shall be relevant to determine the meaning of this agreement even though the accepting or acquiescing party has knowledge and opportunity for objection.

22. SURVIVAL

Seller's obligations, including but not limited to obligations under the Proprietary Rights, WMI's Property, Warranty, Indemnity and Infringement sections of this Order, shall survive termination of this Agreement for any reason.