

JPS Composite Materials Corp.

Terms and Conditions of Sale

1. ARBITRATION: (a) Any controversy arising out of or relating to this contract (including any modifications thereof) shall be settled by arbitration before three (3) arbitrators in the City of Greenville in accordance with the Rules of the American Arbitration Association or the General Arbitration Council of the Textile and Apparel Industries, as determined by the party instituting the arbitrations, and judgement upon the award rendered may be entered in any court having jurisdiction thereof. The arbitrators sitting in any such controversy shall have no power to alter or modify any express provision of this contract or render any award which by its terms effects any such alteration or modification. The arbitrators shall have no power to direct Seller to deliver or release goods to Buyer until Buyer has fulfilled all of its obligations to Seller under all of the contracts involved in the arbitration. The parties consent to the application of the arbitration provisions of the South Carolina Uniform Arbitration Act and to the jurisdiction of the Court of Common Pleas of Greenville, South Carolina or the United States District Court for the Greenville Division of South for all purpose in connection with this agreements to arbitrate. The parties further consent that any process or notice of motion or other application to either of said Courts or a Judge thereof may be served inside or outside the State of South Carolina by registered or certified mail, return receipt requested, or by personal service, provided a reasonable time for appearance is allowed, or in such other manner as may be permissible under the Rules of said Courts.

(b) The arbitrators shall include in their award to the prevailing party (in addition to actual damages) an award of reasonable attorney's fees and reimbursement for the other fees and costs in connection with all proceedings under this contract. The arbitrators shall not include any punitive damages in their award to the prevailing party.

(c) Seller shall have all rights to provisional remedies which it would have at law or equity, notwithstanding the existence of this agreement to arbitrate.

(d) Buyer shall not be entitled to join, implead or intervene other parties or assert other disputes with Seller by offset, defense or counterclaim or by consolidation of proceedings or otherwise with any arbitration proceeding hereunder.

(e) Any claims which Buyer may validly assert against Seller's agent arising under this contract, shall be asserted against Seller in the arbitration proceeding provided for herein, and Buyer waives any right to institute a separate action at law against Seller's agent.

(f) Any claim by Buyer of any kind, nature or description is barred and waived unless Buyer institutes arbitration proceedings within one (1) year after the claimed breach occurs. The failure to institute arbitration proceedings within this one-year period shall constitute an absolute bar to the institution of any arbitration or other proceedings by Buyer and a waiver of all claims on Buyer's part. All issues relating to Statute of Limitations (which include the provisions of this subparagraph) barring or preventing the commencement of proceedings shall be determined by the court and not by the arbitrators, who shall have no power or jurisdiction to determine such issues. Participation in the arbitration shall not constitute a waiver of the Statute of Limitations.

2. PAYMENT: All invoices are payable in United States dollars. No discount may be taken unless specified on the face of the contract. Any check or remittance received from or for the account of Buyer may be accepted and applied by Seller against any indebtedness or obligation owing by Buyer, as shown by the books and record of Seller without prejudice to or the discharge of the remainder of any such indebtedness or obligation, regardless of any condition, proviso, statement, legend or notation appearing on, referring to or accompanying such check or remittance. Any goods sold Buyer, whether under this and/or any other contracts, and not in dispute shall be paid for when due, without offset, defense or counterclaim and regardless of controversies relating to other goods.

3. CREDIT AND DEFAULT: Seller may, at any time and from time to time, in its sole discretion, limit, alter or cancel the credit of Buyer and, as a consequence, may declare payment due immediately in cash before delivery of any unfilled portion of this contract. Buyer represents and warrants to Seller that it is solvent at the time this contract is made and Buyer hereby makes a continuing representation and warranty of its solvency at the time of each tender of delivery or delivery hereunder. Upon failure of Buyer to make payment to Seller when due, or upon failure of Buyer to assort, specify or accept goods, or in the event of any other default, breach or repudiation by Buyer of this or any other contract with Seller, or if Buyer shall become insolvent, call a meeting of its creditors, or make a general assignment for the benefit of its creditors, or if a bankruptcy, insolvency, reorganization or arrangement proceeding shall be commenced by or against buyer, Seller may, in addition to any other rights:

(a) Cancel this and/or any other contracts (or any part thereof) with Buyer (Buyer remaining liable for damages);

(b) Defer any shipments or other tenders under this and/or any other contracts;

(c) Declare forthwith due and payable all outstanding invoices to Buyer under this and/or any other contracts;

(d) Bill at contract price (on a cash before delivery basis if Seller so elects) all or any part of the goods covered by this and/or any other contracts (Seller to have the right to assort, specify and/or complete the manufacture of any such goods) and require Buyer to specifically perform the contract by taking in and paying for such goods; in the case of goods not yet completed, Seller shall have the additional right to require payment at the contract price sixty days prior to tender, and the time within which Seller is to tender shall be extended for such time as Seller require to perform;

(e) Sell all or any part of the goods covered by this and/or any other contracts, at public or private sale (Buyer to be responsible for the costs and expenses of such sale and any deficiency. Seller shall account to Buyer, subject to Seller's security interest, for any excess and Seller shall have the right to become the purchaser of such goods at any such sale);

(f) Obtain damages from Buyer equal to the difference between the market price of goods covered by this or any other contract as of the date of default breach or repudiation and the contract price; and/or

(g) Sell in the open market, at auction or otherwise, any material supplied for the contract and Buyer shall be liable for any loss.

Approval of credit for one or more installments (i.e., partial deliveries or tenders thereof) under this contract shall not be deemed a waiver of the provisions of this paragraph.

4. SECURITY INTEREST: BILL AND HOLD: Buyer hereby grants Seller a continuing security interest in all property at any time in the possession, custody or control of Seller (meaning also for the purpose of this clause, any parent, subsidiary or affiliate company of Seller) held for Buyer or any other buyer or customer of Seller including without limitation goods covered by bill and hold invoices (whether paid for or not); said security interest shall secure Seller for all unpaid invoice or charges relating to any goods (whether or not in the possession, custody or control of Seller) and all other existing or future obligations of Buyer to Seller, howsoever arising, and may at Sellers option be set-off against any and all obligations of Buyer or such other buyer or customer of Seller. Buyer agrees that any act on its part, either to sell, hypothecate or otherwise dispose of any interest in any goods described in this or any other contract with Seller, which are in the possession, custody or control of Seller, or any act on Buyer's part to buy or acquire any interest in any goods in the possession, custody or control of seller described in any contract of Seller with any third party without, in each case, receiving Seller's written release shall constitute a violation of an interference with Seller's security interest established by this and/or any other such contract. The provisions of this clause shall survive performance by the parties of all other terms of this contract.

5. SELLER'S REMEDIES: All rights and remedies of Seller hereunder, including but not limited to those provided under paragraphs 3 and 4 above, shall be in addition to all other rights and remedies of Seller under any other contract, under the Uniform Commercial Code and other

applicable law, all of which rights and remedies shall be nonexclusive and cumulative and may be exercised or asserted as Seller shall elect.

6. ASSORTMENTS AND SPECIFICATIONS: Buyer must specify assortment and complete specifications on or before any identified date(s) in contract or, if no such date (s) is identified, then within the time provided in a request for an assortment or specification made by Seller to Buyer and, in any case, in time for Seller to perform.

7. DELIVERIES: (a) Delivery or tender of delivery of any Installment within fifteen (15) days after date specified for delivery shall be deemed timely performance by Seller. Thereafter, shipment or other tender of delivery prior to receipt of written cancellation by Buyer shall constitute timely performance by Seller.

(b) The acceptance of shipment by a common carrier or truckman, the allocation of goods to Buyer or the mailing of an invoice by Seller to Buyer shall constitute tender of delivery and performance by Seller. Thereupon, title shall pass to Buyer subject to (i) Seller's rights under Article 2 of the Uniform Commercial Code, including but not limited to the rights to withhold or refuse delivery, stop in transit and/or reclaim; and (ii) Seller's security interest in property in the possession, custody or control of Seller in accordance with paragraph 4 above until Seller's written release. With respect to goods for which payment is to be made on or before delivery or tender, title passes only upon receipt of full payment. In the instance of goods held subject to Buyer's instructions, or for which Buyer has failed to supply shipping instructions, or in the case where Seller, in its sole discretion, determines that any part of the goods purchased by Buyer should be held for Buyer's account, Seller may invoice the goods and Buyer agrees to make payment at the maturity of the invoice so rendered. Goods invoiced and held at any location, for whatever reason, shall be at Buyer's risk and expense (and Seller may charge storage at prevailing rates). Goods held for more than six (6) months after invoice date may, at Seller's election, be shipped to a public warehouse in Buyer's name, and at Buyer's risk and expense, including without limitation the cost of transportation.

(c) All freight, express and delivery charges shall be paid by Buyer without discount.

(d) Delivery or tender of eight-five (85) percent of the quantity specified for an installment shall constitute performance under this contract, and installments shall be accepted by Buyer and paid for at contract prices and terms. Delay in delivery or defect in quality shall entitle Buyer to cancel only that portion of any pattern, style or color and/or number which is delayed or defective. Where Buyer has declared or manifested an intention that it will not accept goods in accordance with the provisions of this contract, no tender shall be necessary by Seller may at its option, give notice in writing to Buyer that Seller is ready and willing to perform in accordance with this contract and such notice shall constitute valid tender of delivery and performance by Seller.

(e) The price for all samples furnished shall be the contract price plus any additional charges for making them. Delay in delivering samples or other sample requirements shall not constitute a breach of this contract.

(f) Delivery or tender of a quantity which does not vary more than ten (10) percent greater or less than the total quantity contracted for shall constitute performance under this contract and payment shall be made on the actual quantity invoiced.

(g) Weights given (gross, net or tare) are conditioned weights as determined at point of package and Seller assumes no responsibility for variations in weight beyond Seller's control.

(h) Seller reserves the right but shall be under no obligation to have the goods manufactured or finished in whole or in part by other concerns for its account.

(i) Seller shall not be liable if any aspect of performance by Seller under this contract is delayed or prevented due to casualty, accident, strike, lockout, labor disturbance, boycott, embargo, lack of shipping facilities, delay or inability to obtain supplies, labor, raw materials or energy through Seller's usual and regular sources, fires, floods, adverse climatic conditions, military conflict, governmental requests, requirements or regulations or by Seller's acceptance of governmental contracts or subcontracts, Act of God or any cause or circumstance whatsoever (whether like or unlike the foregoing) beyond Seller's control. In such event, Seller may, in its discretion, without notice to Buyer; (i) extend Seller's time for performance for a time which is reasonable under all of the circumstances; (ii) cancel all or any portion of this and any other contracts with Buyer; or (iii) apportion Seller's available supply among its customers any reasonable manner.

8. EXCLUSION OF WARRANTIES: (a) BUYER AGREES THAT THERE IS NO WARRANTY BY SELLER, EXPRESS OR IMPLIED, AS TO FITNESS FOR ANY PARTICULAR PURPOSE OR USE FOR THE GOODS AND AGREES THAT THE FITNESS FOR ANY PURPOSE OR USE IS THE SOLE RESPONSIBILITY OF BUYER. TO BE ASCERTAINED BY BUYER'S SAMPLING AND TESTING. WARRANTY OF MERCHANTABILITY IS LIMITED SOLELY TO GOODS SOLD AS FIRST QUALITY. SELLER MAKES NO WARRANTY, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, AS TO FASTNESS OF COLOR OR UNIFORMITY OR SHADE FROM PIECE TO PIECE AND LOT TO LOT; BREAKING STRENGTH, SHRINKAGE (RESIDUAL OR OTHERWISE); YIELD; ABSENCE OF THE GOODS; MINOR CONTAMINATION; WEIGHT; PERMANENCE OF FINISH; RESISTANCE TO ABRASION; SLIPPAGE; TEAR; PHYSICAL OR CHEMICAL QUALITIES; AND GOODS SOLD AS RUN OF MILL, RUN OF LOOM OR SECONDS.

(b) Seller shall not be liable for normal manufacturing defects or for customary variations from specifications. Any goods made in part or wholly of man-made fibers are sold subject to the inherent imperfections in such man-made fibers, including without limitation its potential for pilling or for causing pilling.

(c) In connection with the sale of greige goods, Seller assumes no responsibility for imperfections or conditions due to insufficient removal of non-fibrous matter, gums, waxes, yarn sizing materials, tint, lubricant or stains which can be removed in boil off, scouring or other preparation, or dyeing, finishing or other manufacturing processes, or for latent defects inherent in the raw material used, or for circumstances not controlled by Seller.

(d) Exact matches of color are not guaranteed, but goods shall be a reasonable match to standard Shade classification and segregation are for convenience of Buyer only, and even though goods may be segregated as to shade, from packing unit to packing unit, or within any packing unit, Seller assumes no responsibility for accuracy of such segregation.

(e) Goods shall be examined and graded on face side only.

(f) IN NO EVENT SHALL SELLER BE LIABLE FOR OR OBLIGATED TO PAY SPECIAL, CONSEQUENTIAL, OR INDIRECT DAMAGES.

9. BUYER'S TESTING: It is Buyer's obligation, in advance of purchase, and thereafter before putting new goods into production, to determine in each case that the goods purchased are satisfactory for Buyer's particular use. To meet Buyer's obligation, sample runs and tests of the goods in all processes should be made to the point that Buyer finds that the goods are satisfactory for Buyer's requirements, processes and production.

10. CLAIMS: (a) All claims of any kind, nature or description are barred and waived unless made in writing, and Buyer shall be deemed to have accepted the goods and its right to cancel, reject or claim damages shall expire unless buyer's written and particularized claim is received by Seller (i) within thirty (30) days from date of tender for all claims other than those for latent defects, or (ii) within ninety (90) days from date of tender if the claim relates to a latent defect. Where Seller has tendered the goods and Buyer has left the goods in Seller's possession, Buyer has the right to inspect and test the goods in a reasonable manner. In no case will any claim be considered after the goods have been dyed, finished, cut or processed in any manner, except that if the arbitrators make an express finding in their award that the claimed defect was not or could not have been discovered through testing actually conducted by Buyer as required by paragraph

9 above, and that upon discovery Buyer made written claim to Seller promptly thereafter, such claim by Buyer will not be barred provided that an arbitration proceeding was instituted within the time required by paragraph 1(f) above.

(b) Within thirty (30) days after receipt of written notice of claim for defects in goods, Buyer shall make the goods available at a point in the continental United States designated by and without cost to Seller. Failure to do so constitutes acceptance and waiver of all claims for defect. Seller may, in its discretion, examine and accept such goods for return or make allowances agreeable to both parties. If the goods are accepted for return, Seller, at its option, may replace the goods within a reasonable time in full satisfaction of all claims of Buyer.

(c) The limit of Seller's liability of defective goods shall be the difference, if any, in value on the contract date for performance between the goods specified and the goods actually tendered or delivered. The limit of liability of Seller for late or non-performance shall be the difference, if any, between the contract price and the fair market price on the contract date for performance of the goods in question. Buyer shall not be entitled to damages for late or non-performance unless it actually purchases the same merchandise elsewhere at a higher price (which is the fair market price). In no event shall Buyer be entitled to claim or receive any consequential, indirect and/or special damages of any nature for defective goods or late or non-performance or otherwise, and in no instance may damages include profit or loss of profit on contemplated use or profit or loss of profit of any description.

(d) The methods, procedures and tolerances for determining conditions and properties in goods, including weight, shall be in accordance with ASTM test procedures or AATCC test methods on textile materials in effect as of the date of this contract.

(e) Seller, including its agents, representatives or otherwise, shall not and does not accept, assume or undertake any responsibility or liability to indemnify, defend, save or hold harmless any person, firm or party from or against any loss, damage or injury, regardless of any language by which such acceptance assumption or undertaking purports to be expressed or implied.

(f) Buyer agrees to save Seller harmless and indemnify it against any claims of third persons for injuries or damages resulting in whole or in part from the fault of Buyer in the manufacture or sale of the product made from the goods covered by this contract.

11. PRICES: Prices on this contract are based upon costs to Seller (as of the date of this contract) from Seller's customary sources of raw materials and other supplies, labor and other services, and energy. Prices on any unfilled portion of this contract are subject to increase to the extent of added cost to Seller for raw materials and other supplies, labor and other services, energy, or governmental action or legislation. The amount of any such increase as computed by Seller shall be binding upon Buyer except for clerical or mathematical errors.

12. TRADEMARKS; PATENTS; PATTERN AND DESIGN RIGHTS: No right to use the name, or any trade name or Trademark of Seller, or any parent, subsidiary or affiliate of Seller, or to identify Seller, or such parent, subsidiary or affiliate, with the goods, passes to Buyer under this contract, and Buyer agrees, unless authorized in writing in each instance by Seller, to refrain from, directly or indirectly, using any such name, trade name or trademark, or identifying Seller, or such parent, subsidiary or affiliate, with the goods. Buyer further agrees to obligate anyone acquiring from Buyer any of the goods covered by this contract, or any product of which the goods purchased under this contract are a component part, to comply with the foregoing provisions, and to prevent violation of same.

Seller, at its option, may cancel this or other contracts with Buyer for the sale of any products, the manufacture, sale or use of which, in Seller's opinion, constitutes an infringement of any third party proprietary rights or is alleged by a third party to infringe any of its proprietary rights. Buyer agrees to hold Seller harmless against all losses, damages and expenses arising from claims of infringement of any third party's proprietary rights on materials for which Buyer furnished specifications to Seller and which Seller produced in compliance with such specifications, or from any improper or unlawful use of any name, trade name, trademark, symbol, design, trade dress, identification of material content or other labeling used by Seller at Buyer's instructions.

No right in any pattern or design of goods covered by this contract passes to Buyer except as an integral part of the goods, and Buyer agrees not to copy, or cause to be copied or reproduced, either directly or indirectly, any such pattern or design.

13. TECHNICAL ADVICE: Seller may, upon Buyer's request, furnish technical advice, without charge, with respect to the use of goods sold hereunder, to the extent that Seller has such advice conveniently available. However, it is expressly understood by Buyer that Seller is under no obligation to furnish technical advice and it is further understood by Buyer that such advice is given by Seller and accepted by Buyer at Buyer's sole risk. Under no circumstances shall Seller be responsible to Buyer, or liable, for the advice or assistance given or the results thereof.

14. NOTICES: All communications provided for hereunder shall be in writing, and if to Seller, mailed or delivered to Seller at the address stated on the face hereof, or to such other address as Seller may designate in writing, or if to Buyer, mailed or delivered to Buyer at its address designated on the face of this contract or at such other address as Buyer may hereafter designate in writing.

15. CHANGES: This contract contains all of the terms and conditions of the contract between Buyer and Seller. It may not be altered or modified by Buyer except in writing, signed by Seller. No waiver by either party of any default shall be deemed a waiver of any subsequent default. THERE ARE NO REPRESENTATIONS, OPTION, WARRANTIES OR CONDITIONS, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, EXCEPT THOSE HEREIN SPECIFICALLY CONTAINED.

16. ASSIGNMENT: No rights of Buyer under, or arising out of this contract may be assigned without the express written consent of Seller.

17. FUTURE TRANSACTIONS: Except to the extent a future transaction is governed by a signed contract between the parties, the terms and conditions hereof including, without limitation, the arbitration provision, shall govern all future transactions.

18. BINDING EFFECT: This contract shall be binding upon the parties hereto, their heirs, successors and assigns.