

**QTI FIBERS HOLDINGS, LLC and its SUBSIDIARIES
STANDARD TERMS AND CONDITIONS
OF ACCEPTANCE AND SALE**

1. **CONTROLLING TERMS AND CONDITIONS.** Buyer's purchase order, whether written or verbal, is accepted only upon these terms and conditions. Seller objects to, and shall not be bound by, any term or condition on Buyer's order that is different from or in addition to Seller's terms and conditions. Any additional or different terms or conditions proposed by Buyer are hereby expressly rejected regardless of how presented, including, without limitation, any such terms or conditions presented in any of Buyer's business forms, on Buyer's website, through any 'click through' acceptance, or an EDI system. These terms and conditions constitute the entire agreement between Buyer and Seller and supersede any prior or contemporaneous representations, warranties, proposals, terms, conditions, or agreements, whether oral or written. No term, condition, description, price, quantity, specification, or delivery schedule shall be changed, and no agreement or understanding in addition to or different from the terms and conditions stated herein shall be binding upon Seller, unless signed by an authorized representative of Seller.

2. **PROPOSAL/QUOTATIONS.** Proposals/quotations made by Seller are only valid in writing and for thirty (30) days from the date of the quotation unless otherwise set forth in Seller's proposal/quotation. All proposals/quotations are subject to change or withdrawal without prior written notice to Buyer prior to acceptance by Buyer unless otherwise specifically stated in the quotation. Quotations are made subject to approval by Seller of Buyer's credit.

3. **PRICE.** Unless otherwise specifically agreed to in writing by Seller, all prices are exclusive of any freight costs and any sales, use, value added, excise, gross receipts, business and occupation or similar present or future taxes imposed by any governmental body on the sale, delivery, use or other handling of the goods or in connection with any transactions contemplated herein. Prices assume order quantities sufficient to meet Seller's standard minimum order requirements for applicable products. Unless otherwise agreed in writing, any variation in quantities shipped over or under the quantities ordered (not to exceed 10%) shall constitute compliance with Buyer's order and the stated price per item will continue to apply. Seller reserves the right to adjust prices on undelivered products to reflect changes in raw material costs. All orders are accepted subject to Seller's price in effect at time of shipment. All prices are F.O.B. Seller's shipping point.

4. **PAYMENTS, LATE CHARGES, AND COSTS.** Unless otherwise specifically agreed to in writing by Seller, terms are net thirty (30) days from date of Seller's invoice. If Buyer fails to pay by the due date any sum required to be paid by Buyer to Seller hereunder, Buyer will pay to Seller for each delinquent payment or part thereof interest from the due date until paid at the lesser of: (i) the highest rate published from time to time by the Wall Street Journal as the "prime rate" plus 6%; or (ii) the highest rate permitted by applicable law. Seller shall also have the right, among other remedies, either to terminate the order or to suspend further performance in the event Buyer fails to make any payment when due. Buyer shall also pay to Seller all reasonable costs and expenses (including but not limited to attorney's fees) incurred by Seller in connection with Seller's efforts to collect such delinquent payment(s) or to otherwise enforce the terms and provisions of this contract. Any check or remittance received from or for the account of Buyer may be accepted and applied by Seller against any indebtedness or obligations owing by Buyer as shown by the books and records 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, referred to, or accompanying such check or remittance.

5. **SEPARATE SALE.** Each delivery hereunder shall be deemed a separate sale, and failure of Seller to make delivery hereunder shall not affect any contract with respect to any other delivery.

6. **DELIVERY.** Unless otherwise agreed upon in writing by Seller, all products ordered by Buyer shall be shipped F.O.B. Seller's facilities. Buyer shall have all risk of loss following delivery of the product to Buyer at Seller's facilities. Title and ownership to products shall remain with Seller until Seller has received full payment therefore. Any claims for shortages or damages suffered in transit shall be submitted by Buyer directly to the carrier within ten (10) days of delivery. While Seller will use all reasonable commercial efforts to maintain the delivery date(s), all shipping dates are approximate. Seller reserves the right to make partial shipments. Seller, at its option, shall not be bound to tender delivery of any goods for which Buyer has not provided shipping instructions. If the shipment of the goods is postponed or delayed by Buyer for any reason, Buyer agrees to reimburse Seller for any and all storage costs and other additional expenses resulting therefrom, including spoilage or obsolescence. Delivery times shall be agreed between Seller and Buyer at the time of each order, but shall in any event be subject to Seller's customary lead times.

7. **CREDIT APPROVAL AND ORDER ACCEPTANCE.** All orders are subject to acceptance at Seller's corporate office and no order is binding upon Seller until such acceptance occurs. Acceptance of any order submitted by Buyer shall be subject to credit approval by Seller. If, after initial credit approval, Buyer's credit becomes unsatisfactory to Seller, Seller reserves the right to terminate any order upon written notice to Buyer. In that event, Seller shall have no liability to Buyer for such termination and Buyer shall not be entitled to assert any claim against Seller for such termination. In lieu of termination, Seller, at its sole discretion, may require cash or security satisfactory to Seller prior to subsequent shipments or deliveries hereunder. The election by Seller to require such cash or security shall not affect the obligation of Buyer to take and pay for all products.

8. **SECURITY INTEREST AND LIEN:** Buyer grants to Seller a security interest and lien upon all goods and property of Buyer in the possession of Seller, now and in the future (including goods billed and held and including goods in the possession of any parent, subsidiary or affiliate of Seller), to secure all present and future obligations of Buyer to Seller, including without limitation the obligations arising out of this contract. Acceptance of a note, bill, acceptance, or additional security shall not constitute a waiver of Seller's security interest and lien upon such goods. In the event Buyer fails to pay or perform any obligation to Seller when due, Seller shall have the option to sell all or any part of the goods subject to the foregoing security interest and lien at public or private sale after ten (10) days written notice to Buyer mailed to Buyer by registered mail at Buyer's last-known address. Seller shall be entitled to purchase all or any part of the goods at such sale and the proceeds of sale shall be applied first to the costs of sale, including reasonable attorneys' fees, and then to Buyer's obligation to Seller. Buyer shall be responsible for any deficiency existing after application of the proceeds. The security interest and lien provided for herein shall be in addition to all liens and remedies in favor of Seller provided by law.

9. TOOLING/MOLDS/DIES. Unless otherwise agreed to in writing by Seller, all Tooling and Molds for which Seller has received payment in full and which are used in the manufacture of finished products shall remain the property of Buyer. All preventative maintenance and refurbishment costs of the above items are to be paid for by the owner. Buyer has three years from date of last production to take possession of Buyer-owned molds/tools/fixtures. After such period has elapsed, Seller reserves the right to destroy any unclaimed molds/tools/fixtures.

10. WARRANTIES. Seller warrants that the products delivered hereunder shall (A) conform to any written specifications previously communicated to Buyer by Seller; (B) be conveyed free and clear of any lien, security interest, or encumbrance created by Seller; and (C) be free from substantial defects in material and workmanship. Seller makes NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. SELLER SPECIFICALLY DISCLAIMS ANY WARRANTY RELATING TO THE SUITABILITY, INTEGRITY, FUNCTIONALITY, OR ANY OTHER ASPECT OF ANY PARTS DESIGN SPECIFICATIONS, CONCEPTS, OR IDEAS. BUYER ASSUMES ALL RISKS INCURRED IN THE USE OF ANY MATERIAL DELIVERED HEREUNDER. NO VERBAL STATEMENTS BY SELLER'S AGENTS OR EMPLOYEES, MADE BEFORE OR AFTER THE PERFORMANCE OF THIS CONTRACT, AND NO SAMPLES SUBMITTED TO BUYER SHALL BE CONSTRUED AS CREATING ANY WARRANTIES, EXPRESS OR IMPLIED, FROM SELLER.

In the event of any defect or non-conformity which causes Seller's product not to comply with the foregoing limited express warranty, Buyer's remedy for such breach of warranty shall be limited to having Seller repair or replace the product, subject to the requirement that Seller is provided with prompt notice of the defect or non-conformity and is able to verify the same. Any claim by Buyer for any breach of Seller's limited express warranty with respect to any product must be made by Buyer to Seller in writing within fifteen (15) days after delivery of the product by Seller or such claim shall conclusively be deemed to have been waived by Buyer. Buyer shall pay all freight costs incurred in returning the defective or non-conforming product to Seller for examination and repair or replacement, if appropriate. IN NO EVENT SHALL BUYER BE ENTITLED TO CLAIM OR RECOVER ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES FROM SELLER OF ANY NATURE WHATSOEVER, INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOST PROFITS OR LOSS OF USE RESULTING FROM ANY DEFECT OR NON-CONFORMITY IN SELLER'S PRODUCTS. In the event Seller fails to repair or replace a defective or non-conforming product as aforesaid, Seller's liability shall be limited to return of the purchase price paid by Buyer to Seller for such item. Furthermore, in the event that, notwithstanding the foregoing, Seller is determined to be obligated to Buyer for any damages or costs related in any manner to Seller's product or the performance of any purchase order, Seller's liability will in no event exceed the price paid by Buyer to Seller for the product. These provisions allocate the risks related to any defect or nonconformity in Seller's products or performance of any purchase order between Buyer and Seller and Seller's pricing to Buyer reflects such allocation of risk and the contractual limitation of Seller's liability stated herein.

11. FORCE MAJEURE. Seller shall not be liable for any default in, delay, reduction, or failure of delivery due to causes beyond its control, including, without limitation, strikes, pandemic, floods, lock outs, disputes or disagreements resulting in work stoppages, inability to timely acquire the products from Seller's supplier for reasons beyond Seller's control, embargoes, government regulations, military service, war, delays by carriers, lack of shipping facilities, unavoidable casualties, fires, storms,

explosions, epidemics, civil disturbances, acts of God or public enemy, or any other causes or conditions in addition to the foregoing which are beyond Seller's control. In any such circumstances, Seller may, without liability on Seller's part, cancel or terminate the contract or parts thereof or suspend and thereafter, upon removal of the difficulty or cause of such default in, delay, reduction, or failure of delivery, resume delivery of all or part of the products remaining undelivered, and Buyer shall accept such deliveries, provided that if such delay in delivery exceeds sixty (60) days, Buyer may demand delivery of the products so delayed by providing Seller with a written demand by registered or certified mail and if said products are not shipped by Seller within ten (10) days after receipt of such demand, the order at issue shall be deemed terminated without liability on Seller's part, as to said products. Seller may, during any period of shortage due to any of the above circumstances, allocate its available supply of products, services, and resources among itself and its customers in such manner as Seller, in its sole judgment, deems fair and equitable and/or eliminate any/all quantities of product(s) affected from this contract without liability.

12. LIMITATION ON DAMAGES. SELLER SHALL NOT BE LIABLE TO BUYER FOR ANY SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES (including loss of anticipated profits, business interruption, loss of use or revenue, cost of capital or loss or damage to property or equipment) arising in any way from the relationship of the parties or the production, sale, or delivery of the goods by Seller. Seller's liability to Buyer shall be in all cases limited to the price paid by Buyer for goods or services provided by Seller relating to the claims for damages. Seller will not be liable to Buyer for any loss, damage, or injury to persons or property resulting from the handling, storage, transportation, resale, or use of its products after delivery or from the design of products to the extent provided by Buyer. Buyer may not set off any payments due hereunder against any other amounts Seller or its affiliate may owe to Buyer.

13. DEFAULT: The occurrence of any of the following shall constitute an event of default under this contract: (a) Buyer shall be in default if Seller shall not have received a payment from Buyer, when due, and such failure of payment shall remain uncured for a period of five (5) days; (b) a party shall be in default if it shall fail to perform any other obligation under the contract and such failure is not excused or cured within ten (10) days after written notice thereof, or if it files a petition in bankruptcy or otherwise commences or acquiesces in the commencement of a proceeding under any bankruptcy, insolvency, reorganization, or similar law, or makes an assignment for the benefit of creditors, or has a bankruptcy petition filed against it which is not withdrawn or dismissed within thirty (30) days after filing, or has a liquidator, administrator, custodian, receiver, trustee, conservator, or similar official appointed with respect to it or any substantial portion of its assets or otherwise becomes insolvent. In the event of default, the non-defaulting party, in its sole discretion, may do any one or more of the following: (i) suspend performance under the contract or any other agreement between the parties, or (ii) cancel the contract or any other agreement between the parties. The foregoing rights shall be cumulative and alternative and in addition to any other rights or remedies to which the non-defaulting party may be entitled under applicable law.

14. TERMINATION. Seller shall have the right in its sole

discretion, by notice given to Buyer, to terminate any order upon the occurrence of any direct or indirect, voluntary or involuntary, sale, lease, transfer, assignment, merger, consolidation, or other disposition of Buyer's assets, it being understood that in the event such shall occur (and without prejudice to the termination remedy specified), (x) Buyer shall remain fully liable for its obligations under this contract, and (y) the transferee of such assets or such facility shall also be liable for all obligations of Buyer under this contract. In addition, Seller may cancel any purchase order or releases thereunder that are not scheduled for shipment within the succeeding thirty (30) days. If Buyer notifies Seller of Buyer's intention not to fulfill any obligation under a purchase order, Buyer shall be liable to Seller for all finished goods, work in process, and unique or surplus raw materials and supplies produced or ordered in reliance on such purchase order. Any and all purchase orders for tooling, fixtures, and equipment shall be paid for at the contract price, regardless of the stage of completion.

15. INTELLECTUAL PROPERTY AND PROPRIETARY RIGHTS. All drawings, know how, inventions, devices, developments, processes, copyrights, trademarks, patents and applications therefore, and other information or intellectual property disclosed or otherwise provided to Buyer by Seller, including intellectual property developed by Seller as a part of its relationship with Buyer, and all rights therein will remain the property of Seller and will be kept confidential by Buyer in accordance with these terms and conditions. Buyer shall have no claim to, nor ownership interest in, any intellectual property and such information, in whatever form and any copies thereof, shall be promptly returned to Seller upon written request of Seller. Buyer shall indemnify and hold Seller harmless against any and all claims, demands, suits and/or costs whatsoever arising out of or relating to any violation or infringement or any alleged violation or infringement of any patent, trademark, or copyright in relation to any product manufactured in accordance with any designs and/or specifications provided by Buyer.

16. CONFIDENTIAL INFORMATION. All information furnished or made available by Seller to Buyer in connection with the subject matter of these terms and conditions, Seller's quotation, or Buyer's purchase order shall be held in confidence by the Buyer. Buyer agrees not to use such information or disclose such information to others without Seller's prior written consent. The obligations in this paragraph will not apply to any information in the public domain which Buyer can show by written records was in Buyer's possession prior to disclosure by Seller, or any information which is legally made available to Buyer by or through a third party having no direct or indirect confidentiality obligation to Seller with respect to such information. The provisions of this paragraph shall survive the delivery of, and payment for, Seller's products.

17. INDEMNITY. Buyer agrees to defend, indemnify, and hold Seller, its affiliates, successors and assigns, officers, partners, directors, shareholders, members, employees, independent contractors, and agents harmless against claims by any third party (including Buyer's employees and customers) arising out of Buyer's negligence, misrepresentation, or unloading, handling, storage, transportation, disposal, use, or resale of the products.

18. ASSIGNMENT. This contract binds and inures to the benefit of Buyer and Seller and their respective successors and permitted assigns. Buyer may not assign any interest in, nor delegate any obligation under the contract, by operation of law or otherwise, without Seller's prior written consent. Any assignment or attempted assignment in contravention of the foregoing shall be null and void, shall be considered a breach of the contract, and shall permit Seller, in addition to any other rights that it may have, to terminate the contract.

19. WAIVER. No waiver by either party, whether express or

implied, of any provision of this contract or any breach or default by either party, shall constitute a continuing waiver or waiver of any other provision or provisions of this contract and no such waiver by either party shall prevent such party from enforcing any and all provisions of this contract as to any subsequent breach or default by the other party under any provisions of this contract.

20. SEVERABILITY. If any provision herein shall be held to be unlawful or unenforceable, the remaining provisions herein shall remain in full force and effect.

21. APPLICABLE LAW AND JURISDICTION.

(A) **APPLICABLE TO ORDERS FROM QUANTUM MATERIALS, LLC.** This contract shall be governed and construed in accordance with the laws of the State of North Carolina, without regard to principles of conflicts of law. Buyer hereby consents to the personal jurisdiction of the state and federal courts in Guilford County, North Carolina, with regard to any lawsuit arising out of this contract, or any goods or services provided by Seller to Buyer or any agreement, obligation, or transaction between Seller and Buyer. The United Nations Convention on Contracts for the International Sale of Goods or any subsequently enacted treaty or convention shall not apply to this contract or any dispute arising therefrom.

(B) **APPLICABLE TO ORDERS FROM TWITCHELL TECHNICAL PRODUCTS, LLC, OR INFINITY WOVEN PRODUCTS, LLC.** This contract shall be governed and construed in accordance with the laws of the State of Alabama, without regard to principles of conflicts of law. Buyer hereby consents to the personal jurisdiction of the state and federal courts in Houston County, Alabama, with regard to any lawsuit arising out of this contract, or any goods or services provided by Seller to Buyer or any agreement, obligation, or transaction between Seller and Buyer. The United Nations Convention on Contracts for the International Sale of Goods or any subsequently enacted treaty or convention shall not apply to this contract or any dispute arising therefrom.

22. ITAR/ EXPORT COMPLIANCE. Seller's products and materials may be subject to U.S. ITAR and export laws, regulations, rules, treaties, and international agreements. Buyer assumes responsibility for abiding with all ITAR and export laws, rules, regulations, treaties, and international agreements when exporting, re-exporting, or transferring, directly or indirectly, any products or technical data received hereunder, to any country or user to which such export, re-export, or transfer is restricted by United States or local country law or regulation without first obtaining all required licenses, authorizations, certifications, or approvals. By placing an order with Seller, Buyer represents that Buyer is not in a sanctioned country, nor has Buyer been found in violation of any ITAR or other export laws, rules, regulations, treaties, or international agreements and had commercial restrictions placed on Buyer by the Department(s) of State, Treasury, Justice, or Commerce, and Buyer is not listed on the BIS Denied Persons List (DEN), the DDTIC Debarred List (DBL) or the OSOFAC Specially Designated Nationals (SDN) list.

23. ANTI-CORRUPTION. Buyer agrees that it will conduct itself in compliance with all applicable anti-corruption laws, including without limitation the Foreign Corrupt Practices Act, in connection with any import, export, use, resale, or further distribution of the Product.

24. PRODUCT INFORMATION. Buyer acknowledges that it has received and is familiar with Seller's labeling and literature concerning the product(s), and Buyer agrees to forward such information to its employees, independent contractors, agents, customers, and others who unload, handle, store, transport, dispose, use, or resell the Product for Buyer.

25. BUYER'S USE. Buyer agrees that Buyer has independently determined the suitability of the product(s) for Buyer's application or use and assumes all responsibility for the results obtained by use of the product(s) whether alone or in combination with other materials. Buyer will comply with all laws, rules, and regulations pertaining to the handling of the product(s), and Buyer assumes all risks and liability arising out of Buyer's unloading, handling, storage, transportation, disposal, use, and resale of the product(s).

26. CUMULATIVE RIGHTS. All rights and remedies of Seller under this contract are in addition to Seller's other rights and remedies under this contract and as otherwise provided by law and are cumulative, not alternative.

