

**PHARR YARNS LLC
STANDARD PURCHASING TERMS & CONDITIONS**

This Purchase Agreement ("Agreement") applies to all purchases of goods/services made by Pharr Yarns LLC. ("Pharr") from supplier ("Supplier", "You" or "Your"). These Terms and Conditions will govern the order and purchase by Pharr of any goods/services from You. This offer expressly limits Your acceptance to the Terms and Conditions stated herein or on the face of the Purchase Order and any attachments. All additional, inconsistent or conflicting terms proposed by You in acknowledging and accepting Pharr order or in any invoice, acknowledgement, delivery receipt or other communication submitted by You are hereby rejected and will be of no force or effect, unless such conditions or terms are accepted in writing by Pharr. Your acknowledgement of Pharr's order, or the shipment of goods or commencement of performance constitutes Your unqualified acceptance of the applicable order and these Terms and Conditions. This Agreement, Purchase Order, any attachments and applicable modifications, constitute the entire agreement of the parties for the applicable transactions identified therein, and is binding on Pharr and You and Your successors or assigns.

Purchase Orders. From time to time Pharr may issue purchase orders to You for the purchase of goods and/or performance of services ("**Purchase Order**"). **Each purchase shall be subject to this Agreement and the terms of the applicable Purchase Order and may not be varied without the express written consent of Pharr.**

Acceptance. Your acknowledgement of Pharr's Purchase Order by any means, including without limitation shipment of goods, commencement of performance or promise to perform, means that You accept the terms and conditions of this Agreement and the applicable Purchase Order. If you allow more than forty-eight (48) hours to lapse from the time a Purchase Order is received by You, neither accepting the Purchase Order in the manner indicated above or giving Pharr written notice of rejection, then the Purchase Order will be deemed accepted by You.

Pricing and Payment. All pricing shall be set forth in detail in the Purchase Order, and such prices are firm and the Purchase Order shall not, without written authorization from Pharr, be filled at a higher price than specified therein. Unless otherwise specified in the Purchase Order, payment terms shall be net thirty (30) days from date of invoice or if later from Pharr's acceptance of the goods/services. Pharr may withhold or set-off from any amounts otherwise due to or owed by You to Pharr or its affiliates. Payment for any goods on the Purchase Order shall not constitute approval or acceptance of such goods by Pharr, and Pharr's right of inspection shall survive payment. You shall repay Pharr the purchase price of any goods found to be defective, not to conform to specifications or samples or not shipped in accordance with Pharr's delivery schedule. Rejected goods shall be returned to You at Your expense and You shall bear all risk of loss as to rejected goods. Pharr may elect to retain rejected goods and remedy any defects or nonconformity to the specifications, and the cost of effecting such remedy shall be offset against any amounts due to You from Pharr.

Shipping Instructions. Time is of the essence of this Purchase Order. Pharr shall be entitled to recover damages that it incurs as a result of Your failure to perform as scheduled. You shall notify Pharr immediately if you are unable to ship or perform timely. Pharr shall have the right to refuse any goods/services with untimely delivery or performance and cancel the balance of the Purchase Order for any part of the goods/services due after untimely delivery. By accepting the untimely delivery or performance of any installment, Pharr shall not be bound to accept future shipments or performance nor be deprived of its right to return goods already accepted nor to claim damages for untimely delivery or performance. You shall cooperate with Pharr to review the eligibility of the goods for any special program for Pharr's benefit and provide Pharr with any required documentation (e.g., NAFTA or CAFTA Certificate, EUR1 Certificate, GSP Declaration, FAD or other Certificate of Origin) to support the applicable special customs program (e.g., NAFTA or CAFTA, EEA, Lome Convention, GSP, EU-Mexico FTA, EU/Mediterranean partnerships, etc.) to allow duty free or reduced duty for entry of goods into the destination country. You shall indemnify Pharr for any costs, fines, penalties or charges arising from Your inaccurate documentation or untimely cooperation. You shall immediately notify Pharr of any known documentation errors.

Warranties. In addition to warranties expressed or implied by law, You covenant, represent and warrant that the goods shall: (i) conform strictly to Pharr's specifications, if any, and to any samples You have provided to Pharr; (ii) be free from defects in design, material and workmanship and/or materials; You agree to ship all Purchase Orders one hundred percent (100%) complete in the mix or ratio as stated on the Purchase Order. You further warrant to ship one hundred percent (100%) first quality goods. The warranties shall apply to Pharr, its successors, assigns and the users of goods and services covered by the Purchase Order. Remedies under this Agreement, a Purchase Order or applicable law. Pharr retains the right to cancel any portion of the remaining order, to reject any portion of the goods or services delivered, or to revoke acceptance as to any portion of the goods or services accepted, and return such goods to You and to recover the purchase price, any excess costs of removal or recall, transportation and custodial expenses, all in addition to Pharr's other Remedies. Without limiting any additional right or remedy Pharr may have under the Agreement or law, You acknowledge and agree that Pharr has the right, in its sole discretion, to exercise any of the following remedies: (a) *Remedies with Respect to Quality:* Pharr shall only be required to pay for first quality goods that are ordered and received. (b) *Remedies with Respect to Timely Deliveries:* Pharr may, at its option: (i) cancel any Purchase Order if more than five percent (5%) of the goods (in the mix that was ordered) are not received on a timely basis; (ii) require You to expedite the freight arrangement at Your expense for any Purchase Order that is not timely delivered, so that the goods arrive at Pharr's warehouse at the time they would have if the Purchase Order had been timely delivered.

Termination for Cause. Pharr may, by written notice to You, terminate a Purchase Order, or any part thereof, if You breach any of the terms and conditions of a Purchase Order and/or this Agreement. By way of example, (a) failure by You to make timely, complete and conforming delivery of goods and services, or (b) breach of the representations or warranties set forth in the Purchase Order and/or this Agreement, shall entitle Pharr to terminate a Purchase Order for cause. If Pharr terminates for cause, Pharr shall have no payment obligations to You.

Governing Law and Arbitration. Each Agreement and each Purchase Order shall be governed by the laws of the state of North Carolina applicable to contracts entered into and to be performed entirely with such State. **Both parties agree that if they cannot resolve a dispute arising from this Agreement, they will submit the dispute to binding arbitration under the rules of the American Arbitration Association to be heard by one arbitrator in Charlotte, North Carolina.** Both parties expressly acknowledge that the United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement or any Purchase Order.

Force Majeure. Neither party will be liable for any delay or failure to perform due to causes beyond its reasonable control, including acts of God, strikes, embargoes and government action; provided that reasonably prompt notice is given to the other party.

Confidential or Proprietary Information and Publicity. You shall keep any confidential and proprietary information, including but not limited to technical, process, design, marketing, sales, revenue or income or economic information, derived from drawings, specifications and any other data and/or information furnished by Pharr in connection with this Purchase Order ("Confidential Information") and shall not divulge, directly or indirectly, the Confidential Information for the benefit of any other party without Pharr's prior written consent.

Intellectual Property Rights Ownership. Pharr shall own all rights, title and interest in any and all intellectual property rights developed, discovered, designed, made or created in the performance or otherwise arising from this Agreement and Purchase Order, and You will execute any assignments or other documents needed for Pharr to perfect such rights. This clause does not affect the ownership of pre-existing intellectual property which shall continue to belong to its rightful owner, provided that the You will ensure that Pharr has the royalty free right to use the same for the purposes of this Agreement.

Severability of Provisions. The terms of this Agreement are severable and the invalidity of any term of this Agreement shall not affect the validity of any other term.

Entire Agreement. This Agreement and any applicable Purchase Order represents the entire agreement between the parties with respect to such Purchase Order. No other term or condition on any acceptance or confirmation document shall apply unless both parties agree in a writing signed by both parties that expressly references this Agreement or the applicable Purchase Order and clearly states that such term or condition shall apply to this Agreement or the applicable Purchase Order.