

## BGF INDUSTRIES, INC. TERMS AND CONDITIONS OF SALE

Thank you for your purchase! BGF Industries, Inc.'s ("BGF's") sale of the Products (the "Products") specified in BGF's invoice (the "Invoice") is subject to the following Terms and Conditions of Sale (the "Terms and Conditions"):

1. ACCEPTANCE OF ORDER; MODIFICATIONS. BGF hereby accepts Buyer's offer to purchase the Products (the "Order"), subject to Buyer's acceptance of these Terms and Conditions. BGF's acceptance of Buyer's Order does not constitute an acceptance of provisions on any Order or other form of Buyer that are different from or additional to the terms of these Terms and Conditions. Such different or additional provisions are expressly rejected and are void. Any proposal for additional or different terms or any attempt by Buyer to vary in any degree these Terms and Conditions is hereby objected to and rejected and shall be deemed a material alteration thereof, and the agreement for purchase and sale of the Products shall be deemed not to include said additional or different terms. No waiver, alteration, or modification of these Terms and Conditions shall be valid unless made in writing and signed by an authorized officer of BGF.
2. PAYMENT. All prices for the Products are in U.S. Dollars. Unless BGF has agreed in writing that any quotation is binding for a specified period not yet expired, price quotes are subject to change at any time prior to shipment of the Products. Buyer may not set off any amount owed to BGF against any claim or amount that you contend is payable by BGF to Buyer or any of Buyer's affiliates. All amounts under the Invoice are due in full net thirty (30) days after the date of BGF's invoice. Interest will be charged daily on past due amounts at the maximum rate of interest allowed by law. If BGF concludes in its sole discretion that the financial condition of Buyer at any time jeopardizes its ability to make payments hereunder, BGF may require cash payments or additional security satisfactory to BGF before further performance by BGF.
3. LIMITED WARRANTY. BGF warrants to the Buyer only that each Product to be delivered hereunder will be free from defects in materials and workmanship for a period of one hundred eighty (180) days from the date of shipment by BGF. BGF's obligation under this warranty shall be limited to defects of which BGF is notified within one hundred eighty (180) days from the date of shipment to Buyer and shall be limited to, at BGF's sole option, repair or replacement of the defective Product. The warranty described in this paragraph is personal to Buyer and not transferable to any third party and shall be in lieu of any other warranty, express or limited. Any implied warranties on the Products are limited to one hundred eighty (180) days from shipment, to the extent such warranties cannot be disclaimed under these Terms and Conditions. The above limited warranty specifically excludes defects resulting from accident, abuse, misapplication or unauthorized repair, modifications, or enhancements. EXCEPT AS EXPRESSLY SET FORTH IN THIS SECTION 3, BGF AND ITS AFFILIATES AND SUPPLIERS MAKE NO, AND HEREBY DISCLAIM ALL, WARRANTIES, REPRESENTATIONS, CONDITIONS, OR GUARANTEES OF ANY KIND, EITHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, ORAL OR WRITTEN, WITH RESPECT TO THE PRODUCTS, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OR CONDITIONS: (I) OF MERCHANTABILITY; (II) OF FITNESS FOR A PARTICULAR PURPOSE; (III) OF NONINFRINGEMENT; OR (IV) ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING, OR USAGE OF TRADE. SOME STATES/JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF IMPLIED WARRANTIES, SO THE ABOVE EXCLUSION MAY NOT APPLY TO BUYER, AND BUYER MAY HAVE OTHER LEGAL RIGHTS THAT VARY FROM STATE TO STATE OR BY JURISDICTION.
4. LIMITATION OF LIABILITY. BGF's maximum liability arising out of or related to the Products or the transactions underlying the Invoice, including any liability arising out of, connected with, or resulting from the design, manufacture, sale, delivery, resale, inspection, repair, operation or use of any Product or part thereof covered by these Terms and Conditions, shall in no case exceed BGF's price allocable to the unit giving rise to the claim. The parties agree that Buyer's sole and exclusive remedy against BGF for any claim arising from or related to the Products or the transactions underlying these Terms and Conditions shall be for the refund of the purchase price as provided herein, except for claims for breach of warranty pursuant to Section 3, for which Buyer's sole and exclusive remedy shall be, at the option of BGF, repair or replacement of the defective Product. NEITHER BGF NOR ITS AFFILIATES WILL BE LIABLE TO YOU OR BUYER'S CUSTOMERS, AFFILIATES OR ANY OTHER THIRD PARTY FOR ANY COSTS OF SUBSTITUTE GOODS OR SERVICES OR FOR ANY SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF THE PERFORMANCE, NON-PERFORMANCE OR BREACH OF THE INVOICE OR THESE TERMS AND CONDITIONS, OR THE TRANSACTIONS UNDERLYING THE INVOICE OR THESE TERMS AND

CONDITIONS, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, EVEN WHEN BGF HAS BEEN INFORMED OF THE POSSIBILITY OF SUCH DAMAGES OR CLAIMS. THE FOREGOING LIMITATIONS SHALL APPLY REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, TORT, PRODUCTS LIABILITY OR OTHERWISE, EVEN WHEN OTHER REMEDIES ARE IMPOSSIBLE OR INEFFECTIVE OR FAIL OF THEIR ESSENTIAL PURPOSE. The limitation on recovery of consequential damages above may not apply to injury to the person in the event you are purchasing the Products for personal, family or household purposes.

5. TECHNICAL ADVICE. Any technical advice furnished by BGF with reference to the use of its Product is given gratis and BGF assumes no obligation or liability for the advice given or results obtained. ANY TECHNICAL ADVICE FURNISHED BY BGF SHALL NOT CONSTITUTE A WARRANTY, WHICH IS EXPRESSLY DISCLAIMED, ALL SUCH ADVICE BEING GIVEN AND ACCEPTED AT BUYER'S RISK. All Products shall be installed by and at the expense of the Buyer, unless otherwise expressly provided in the Invoice.
6. TAX, FREIGHT AND HANDLING CHARGES. Unless stated on BGF's invoice for the Products, BGF's prices do not include sales, use, VAT, excise or other taxes, or freight, insurance or handling charges. Consequently, unless provided on otherwise on the face of the invoice, the amount of any present or future sales, use, VAT, excise or other taxes, or freight, insurance or handling charges applicable to the sale of Products shall be paid by Buyer.
7. DELIVERY; RISK OF LOSS; QUANTITIES. Delivery of the Products shall be F.O.B. BGF facility. BGF will tender the Products to the carrier we select or, if we give you a choice of shipping method, the carrier that you select. Title to the Products and risk of loss shall pass to Buyer upon tender of the Products to the carrier by BGF. Buyer shall have the responsibility to file any claims with the carrier. Shipping dates are approximate and are based upon the prompt receipt of all necessary information. BGF does not guarantee delivery dates and is not responsible for delays by the carrier. We also reserve the right to limit quantities (including after you have submitted your Order) and to ship Orders in multiple installments. We apologize for any inconvenience this may cause you. If Buyer defaults in its obligations in regard to any partial or prior shipment, BGF may cancel or suspend subsequent shipments until Buyer cures such default, and all costs associated with such cancellation or suspension shall be borne by Buyer.
8. DELAY. BGF shall not be liable for delay in delivery, or failure to manufacture, due to causes beyond its reasonable control, or due to acts of God, acts of Buyer, acts of civil or military authority, fires, strikes, flood, epidemics, quarantine restrictions, war, riot, delays in transportation, delay in or failure of delivery from BGF's suppliers or inability due to causes beyond its reasonable control to obtain necessary labor, materials, or manufacturing facilities. In the event of any such delay, the date of delivery shall be extended for a period equal to the time lost by reason of the delay.
9. COLLECTION COSTS. BGF shall be entitled to recover its costs and expenses, including reasonable attorney's fees, incurred to collect any past due amount owed under the Invoice.
10. RETURNS. Returns to BGF will only be accepted when authorized by BGF in BGF's discretion. Buyer must make any such return according to BGF's instructions. Returns must include the BGF Return Products Authorization number or the return will be refused by BGF. If BGF chooses to accept a return in its discretion, then BGF reserves the right to charge a 15% restocking fee.
11. BGF TRADEMARKS. Buyer shall not have any right to use any trademarks, trade names, service marks or logos of BGF or its affiliates in any manner whatsoever, without the advance written consent of BGF in each instance. Buyer shall not through performance of transactions underlying these Terms and Conditions or otherwise acquire any right, title, or interest in any trademarks, trade names, service marks or logos of BGF or its affiliates.
12. TERMINATION. BGF reserves the right to cancel its sale of the Products to Buyer at any time upon notice to Buyer without any further obligation or any liability to Buyer. BGF may send such notice to the email address or physical address Buyer provided to BGF.
13. INDEMNIFICATION. Buyer agrees to indemnify and hold harmless BGF and its affiliates from and against any and all losses, costs, damages, judgments, awards and expenses (including reasonable attorney's fees) that BGF and its affiliates suffer or incur as a result of or in connection with third party claims, demands, suits and causes of action: (i) arising from the combination, assembly or

construction of the Product by Buyer or any other person or entity with any other product, item or tangible thing; (ii) arising from the use of the Product by Buyer or any other person or entity as a component of or in combination with any other product, item or tangible thing; (iii) arising from any misuse, reckless use, alteration, or modification of the Product by Buyer or any other person or entity; or (iv) arising from any lease, loan, sale, transfer or conveyance of the Product from Buyer. Buyer shall at its expense defend BGF and its affiliates from and against such claims, demands, suits and causes of action. Buyer shall have no obligation to indemnify, hold harmless or defend BGF or its affiliates under this Section 14 to the extent the applicable claims, demands, suits or causes of action arise from BGF's negligence or intentional misconduct.

14. GRANT OR RESERVATION OF SECURITY INTEREST. To secure the payment of any sums due hereunder (and under any similar agreement for the purchase of Products by Buyer from BGF) and all attorneys' fees and expenses and court costs in regard to the collection of the same, BGF shall retain, and Buyer hereby grants, a security interest or charge in the Products and in the proceeds thereof (including without limitation insurance proceeds) until the entire purchase price for the Products is paid and until all costs, expenses or other charges required to be paid by Buyer to BGF pursuant to the Invoice have been paid in full. Buyer specifically agrees that BGF may execute and file one or more financing or continuation statements or other documents appropriate to create, perfect, preserve and enforce BGF's security interest or charge in the Products pursuant to applicable law, and hereby irrevocably grants to BGF a power of attorney to execute such statements or documents in Buyer's name as Buyer's attorney-in-fact and on Buyer's behalf. The parties hereto expressly agree that if the creation of a security interest or charge is not permissible under the laws of the jurisdiction in which the Products are to be delivered, BGF hereby reserves title to all Products sold hereunder as security for full payment of the sums described as secured herein. Buyer agrees not to impose or suffer any additional encumbrances to be imposed upon such Products, agrees to protect such Products from the elements, theft, vandalism and other casualties, and agrees to insure the Products against loss from the customary casualties. Upon any default by Buyer hereunder, BGF shall have all the rights, remedies and privileges accorded to BGF, as a secured party, under applicable law. If applicable law requires reasonable notice of sale, then BGF shall be deemed to have met such requirement by mailing notice to Buyer at least ten (10) days prior to the date of sale.
15. CONFIDENTIALITY. Buyer may not disclose, make available, assign or sell BGF's Confidential Information to any other entity. Buyer will hold Confidential Information of BGF in strict confidence and will use the Confidential Information only as required to render performance or to exercise rights and remedies under this Agreement and only for the specific purposes for which it was provided to Buyer, and in each case only in strict compliance with the terms of this Section 16. In the event of any disclosure or loss of, or inability to account for any Confidential Information of BGF, Buyer will promptly, at its own expense: (a) notify BGF in writing, (b) take such actions as may be reasonably necessary or reasonably requested by BGF to minimize any violation of the terms of this Section 13, and (c) cooperate in all reasonable respects with BGF to minimize any violation and any damage resulting therefrom. Buyer will use at least the same degree of care in maintaining the confidentiality of the Confidential Information as Buyer uses with respect to its own proprietary or confidential information, and in no event less than reasonable care. For purposes of this Agreement, "Confidential Information" means nonpublic information that: (i) BGF designates as confidential or proprietary in writing; (ii) under the circumstances surrounding the disclosure should be treated as confidential by Buyer; or (iii) by reason of its nature would be treated as confidential by a reasonable recipient. Confidential Information shall not include information that is or becomes publicly available, other than as a result of any breach by Buyer of this Agreement, was previously known to Buyer free of any obligation to BGF or its affiliates to keep it confidential, or is independently developed without the use of or reference to the Confidential Information of BGF. In the event Buyer is required by law to disclose any Confidential Information, Buyer shall provide prompt notice in advance to BGF and shall cooperate with any efforts of BGF to secure continued confidential treatment of the information. Buyer acknowledges that any disclosure or misappropriation of Confidential Information of BGF in violation of this Agreement could cause irreparable harm, the amount of which may be difficult or impossible to estimate, thus potentially making any remedy at law or in damages inadequate. Buyer therefore agrees that BGF will have the right to apply to any court of competent jurisdiction for a temporary or provisional order restraining any breach or impending breach of Section 16 without the necessity of posting bond. This right will be in addition to any other remedy available under this Agreement.

16. ARBITRATION: GOVERNING LAW. Any controversy or claim arising out of, related to, or in connection with the Products, these Terms and Conditions or the transactions underlying these Terms and Conditions, or the breach, termination, interpretation, construction, or validity thereof, including but not limited to any claim for damages or rescission or for fraud in the inducement to enter into the Agreement (the "Dispute"), shall be fully and finally settled and determined by binding arbitration in accordance with the then-current version of the Commercial Arbitration Rules of the American Arbitration Association. The arbitration shall be held before a panel in Greensboro, North Carolina, unless all parties to the arbitration agree otherwise in writing. BGF or Buyer may, without inconsistency with this agreement to arbitrate, seek from any court having jurisdiction any interim measures or provisional remedies pending the establishment that the arbitral tribunal's final award has been satisfied. The parties agree that the award made by the arbitrators shall be final and binding on the parties, and they waive any right to appeal the arbitral award, to the extent that an appeal may be lawfully waived. This Agreement shall be governed by, interpreted and enforced in accordance with the laws of the State of North Carolina, United States of America, regardless of the conflicts of law rules of North Carolina law.
17. GENERAL. Buyer's assignment of its Order, or any interest herein or of any rights hereunder without the written consent of BGF, shall be void. If any clause or provision of these Terms and Conditions is declared invalid or unenforceable by a court of competent jurisdiction, such provision shall be severed and the remaining provisions of these Terms and Conditions shall continue in full force and effect. The Invoice and these Terms and Conditions contain the entire agreement between BGF and Buyer with respect to the subject matter thereof and supersede any prior or contemporaneous representation, promise, condition, agreement or understanding with respect to their subject matter.

Rev. June 27, 2007