

Filtrona Richmond, Inc. Terms and Conditions of Sale

The following are the Terms and Conditions under which Filtrona Richmond, Inc., its designated representatives, successors and assigns (“Filtrona”) sells its products.

- Terms and Conditions.** These Terms and Conditions shall apply to purchase orders issued and accepted or other contractual commitments to buy Filtrona’s products (collectively, “Orders”). Filtrona hereby gives notice of its objection to any different or additional terms that may be included by the person, firm, corporation or other business entity that places an Order (“Buyer”). These Terms and Conditions will become a binding contract only when a written or electronic acceptance of an Order is sent to Buyer by Filtrona. If Buyer has not otherwise accepted these Terms and Conditions, Buyer’s acceptance of any products delivered by Filtrona pursuant to any Order shall constitute Buyer’s acceptance of these Terms and Conditions with respect to such Order. These Terms and Conditions shall govern each Order notwithstanding any different, conflicting or additional terms and conditions which may appear on any form submitted by Buyer. Filtrona may change these Terms and Conditions at any time.
- Prices.** Filtrona’s prices are subject to change without prior notice. Except as may be stated otherwise on the face of an Order, prices payable under an Order shall be based on Filtrona’s published prices in effect at the time the Order was placed. Notwithstanding the foregoing sentence, however, for products to be delivered to the carrier more than 60 days after an Order is placed, the applicable price shall be the higher of the price in effect at the time the Order was placed and the price in effect on the date Filtrona delivers the product to the carrier. Prices are exclusive of all sales, use and like taxes. Any tax Filtrona may be required to collect or pay upon the sale or delivery of the Products shall be for the account of Buyer, who shall promptly pay the amount thereof to Filtrona or the taxing authority as required.
- Quantities.** Buyer shall accept overruns and under-runs on each individual item of product purchased hereunder, not exceeding 10% of the quantity of any product ordered. Any claims for shortages in the quantity of product delivered to Buyer must be made to Filtrona, in writing, within 15 days from the date of delivery. Notwithstanding the foregoing, Filtrona may make partial deliveries of products. In the event of a shortage of any product or delays in delivery caused by force majeure as provided in Paragraph 8 below, Filtrona reserves the right to apportion products among its customers in its sole discretion.
- Deliveries.** Filtrona will make all reasonable efforts to adhere to the shipping or delivery dates requested by Buyer. Title and risk of loss for the products shall pass to Buyer upon delivery to the carrier. All products shall be shipped in accordance with the shipping terms stated on the face of an Order, unless Buyer notifies Filtrona of an alternate shipping method. In the event Buyer so notifies Filtrona, any shipment placed in the hands of a carrier within 10 days after Filtrona’s receipt of such notice shall be deemed timely and no claim for late delivery shall be made with respect to any such shipment. Additional shipping costs incurred at Buyer’s request shall be payable by Buyer and added to the applicable invoice. Filtrona shall not be liable for any damages, loss or expense of Buyer for failure to meet any shipping or delivery dates for any reason whatsoever.
- Payment.** Unless stated otherwise on the Order, Filtrona’s payment terms are net 30 days from the date of the invoice for Buyers who have an established credit record with Filtrona, which shall be determined by Filtrona in its sole discretion. Filtrona reserves the right to refuse to deliver any product to Buyer except upon payment in cash upon delivery. In the event Buyer fails to make payments as required herein, Buyer shall pay interest at a rate of 1 and 1/2% per month on the unpaid balance, together with the costs of collection and attorneys’ fees,

all without relief from valuation and appraisal laws. Filtrona shall have a security interest in all products delivered to Buyer under an Order until Filtrona receives payment in full as provided herein.

6. **Warranties and Remedies.** Filtrona warrants that at the time of shipment all products delivered hereunder shall conform to the specifications mutually agreed upon by Filtrona and Buyer. EXCEPT AS OTHERWISE PROVIDED IN THE PRECEDING SENTENCE, FILTRONA MAKES NO WARRANTY REGARDING PRODUCTS DELIVERED HEREUNDER (OTHER THAN WARRANTY OF TITLE) AND DISCLAIMS ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, WHETHER CREATED BY CONTRACT OR BY OPERATION OF LAW, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND PARTICULARLY IN THE CASE OF FILTER PRODUCTS, IN ADDITION TO THE FOREGOING EXCLUSIONS, NO WARRANTY IS MADE WITH RESPECT TO THE EXTENT OR EFFICIENCY OF FILTRATION QUALITIES. THE WARRANTIES MADE HEREIN ARE MADE SOLELY TO BUYER AND SHALL NOT EXTEND TO OR BE ASSIGNABLE TO BUYER'S CUSTOMERS, INCLUDING BUT NOT LIMITED TO ANY CUSTOMER WHO MAY BE A CONSUMER AS THAT TERM IS DEFINED UNDER THE MAGNUSON-MOSS WARRANTY-FEDERAL TRADE COMMISSION IMPROVEMENT ACT. Buyer will cause the products to be examined immediately upon arrival and shall be entitled to make no claim for breach of warranty or other defect unless such claim is asserted within 30 days after the actual arrival of the products, nor shall any such claim be made with respect to products which have been processed except to the extent that processing may be required for the purpose of making a reasonable test. No claim shall be made unless the alleged defective products are kept apart from all other similar products and made available for inspection by Filtrona's representative for a period of 30 days after notice is given of the claimed defect. Filtrona's sole liability for properly rejected products shall be, at Filtrona's option, to either refund the purchase price for such products or replace the non-conforming products. Filtrona's remedial obligation shall be excused if the product has been subjected to alteration, misuse, abuse or improper storage by Buyer. The remedy as set forth in this paragraph shall be Buyer's sole and exclusive remedy for non-conforming products delivered hereunder.
7. **Limitation of Liability.** IN NO EVENT SHALL FILTRONA BE LIABLE FOR ANY CONSEQUENTIAL, INDIRECT, INCIDENTAL, EXEMPLARY, SPECIAL, OR PUNITIVE DAMAGES ARISING OUT OF ANY ORDER OR THE PRODUCTS SOLD THEREUNDER, WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE, INCLUDING STRICT LIABILITY, WHETHER AT LAW OR IN EQUITY, INCLUDING BUT NOT LIMITED TO, LOST PROFITS, LIABILITY FOR INTELLECTUAL PROPERTY INFRINGEMENT AND PRODUCT LIABILITY CLAIMS. IN NO EVENT SHALL FILTRONA'S AGGREGATE LIABILITY TO BUYER WITH RESPECT TO ANY PRODUCT DELIVERED PURSUANT TO ANY ORDER EXCEED THE AGGREGATE COMPENSATION PAYABLE TO FILTRONA HEREUNDER FOR THE PRODUCTS COVERED BY SUCH ORDER. No action, whether in contract or tort, arising out of or in connection with an Order, may be brought by either party more than 18 months after the cause of action has accrued, except that an action for nonpayment may be brought by Filtrona at any time within 36 months from the date payment becomes past due.
8. **Force Majeure.** Neither Buyer nor Filtrona shall be liable to the other for any failure to perform, or delay in the performance of any obligation hereunder (except the obligation to pay amounts due hereunder) to the extent such failure or delay is due to causes beyond the reasonable control and without the fault or negligence of the party whose performance is prevented or delayed, provided that the party whose performance is prevented or delayed (a) provides prompt written notice to the other of such circumstances and (b) makes reasonable efforts to perform or complete performance hereunder despite the impediment to performance.

Without limiting the generality of the foregoing language, such causes shall include fire, storm, flood, act of God, war, explosion, epidemic, sabotage, act of terrorism, strikes or other labor trouble, shortages or inability to secure transportation, raw materials, machinery and/or other equipment necessary for the manufacture of the product, the expropriation of Filtrona's plant, the product and/or raw materials in whole or in part by a foreign or U.S. federal or state authority, acts of the U.S. or any foreign federal government, any state or local government or any agency thereof and any other like cause interfering with the production or transportation of the product.

9. **Cancellation.** Any Order may be cancelled by Filtrona upon Buyer's breach or repudiation thereof for any reason, including bankruptcy, reorganization or insolvency or for the appointment of a receiver or any assignment for the benefit of creditors and without regard to materiality of such breach or repudiation, provided such breach shall not be cured, or such repudiation is not retracted, within five days after Filtrona provides written notice thereof to Buyer.
10. **General Provisions.** These Terms and Conditions and any sale hereunder shall be governed by the laws of the Commonwealth of Virginia, U.S.A notwithstanding any choice of law provision that might apply the laws of another jurisdiction and notwithstanding the 1980 United Nations Convention on Contracts for the International Sale of Goods or any version thereafter. Any claim or dispute arising out of an Order or the products delivered under any Order may only be brought in the state and federal courts located in the Commonwealth of Virginia, U.S.A. Buyer may not assign any Order or any interest therein without the prior written consent of Filtrona. Any actual or attempted assignment without such consent shall be void and shall entitle Filtrona to cancel the Order. Each Order is for the sale of products, and the relationship between the parties is that of buyer and seller. Nothing herein shall be deemed to constitute a hiring, partnership or joint venture between the parties. All rights and remedies whether conferred hereby or by any other instrument of law shall be cumulative, and may be exercised singularly or concurrently. Failure by Filtrona to enforce any term or condition herein shall not be construed as a waiver of that or any other term or condition. No waiver shall be binding upon Filtrona unless in writing and signed by Filtrona and any such waiver shall be limited to the particular instance referred to. In the event any provision of these Terms and Conditions is held invalid, then to the maximum extent permitted by law, such provision shall be deemed severable from these Terms and Conditions and the remainder shall continue in full force and effect. Notwithstanding the above, such invalid term or condition shall be construed, to the extent possible, in accordance with the original intent of the parties. Each Order and these Terms and Conditions constitute the entire agreement between Filtrona and Buyer with respect to the Order and supersede all proposals, oral and written, all previous negotiations and all other communications between the parties.

November, 2006