



THE PURCHASE ORDER IS SUBJECT TO THE FOLLOWING TERMS AND
CONDITIONS:

(as of August 28, 2012)

1. The Contract

1.1 Offer and Acceptance: This Terms and Conditions stipulates and provides the terms and conditions of the contract made by the purchase order to the Seller from Buyer. Each purchase order is Buyer's offer to purchase the goods or services (the "Products") described in the purchase order. Acceptance of the purchase order is strictly limited to acceptance of this terms and conditions. The purchase order consists only of the terms and conditions contained herein and in any documents or specifications expressly incorporated by reference. It does not constitute an acceptance by Buyer of the terms or conditions contained in any quotation, proposal or order confirmation furnished by Seller. For purposes of this Terms and Conditions, Seller shall include any seller of goods and/or seller/contractor providing services hereunder.

The purchase order must be accepted in writing by Seller within 10 business days after receipt. Though Seller does not accept the purchase order in writing, any performance or conduct in reaction to purchase order by Seller which recognizes the existence of a contract pertaining to the subject matter of the purchase order shall constitute acceptance by Seller of the purchase order and all of the Terms and Conditions. Buyer objects to any terms proposed by Seller in accepting the purchase order which are in addition to or different from those contained in this Terms and Conditions.

1.2 Blanket Orders: If the purchase order is identified as a "blanket order", Buyer shall issue a "Vendor Release and Shipping Schedule" to Seller for specific part revisions, quantities and delivery dates for Products. Buyer shall have the right to cancel, adjust or reschedule the quantities of Products shown in such "Vendor Release and Shipping Schedule," except that it may not cancel, adjust or reschedule the Products shown as "Firm Obligations" on such "Vendor Release and Shipping Schedule."

1.3 Changes: Buyer may from time to time by notice to Seller make reasonable changes, within the scope of the contract, to the drawings, specifications, materials, packaging, testing, quantity, time, method, or location of delivery or shipment, or similar requirements prescribed in the contract. Contract changes must be in writing signed by Buyer's authorized representative. If such modification affects the cost of, or the time required for the performance of any part of the work under the purchase order, and if Seller makes a written claim for adjustment within thirty (30) days after receipt of the written notice of modifications, then Buyer shall make an equitable adjustment to the terms of the purchase order within a reasonable time. Only modifications for which Buyer submits a written notice to Seller shall become part of the purchase order.

2. Prices

The prices shown in the purchase order shall remain firm throughout the term of the contract unless an authorized representative of Buyer has expressly agreed in writing to adjust the prices



shown during the performance of the contract. The prices shown include all charges by Seller for packing, reusable containers, and transportation to the point of delivery. The prices shown also include all applicable federal, state, and local taxes except taxes which Seller is required by law to collect from Buyer. Seller shall show taxes which it is required by law to collect from Buyer separately on its invoices and shall not invoice any tax for which Buyer has furnished a valid exemption certificate. Seller represents that its prices charged for Products under the purchase order are at least as low as the prices charged by Seller to buyers of the same kind as Buyer under conditions substantially similar to those specified in the purchase order. If Seller reduces its price during the terms of the contract for such Products, Seller shall reduce the prices to Buyer for such Products accordingly. The foregoing notwithstanding, Seller understands and agrees that it will be required during the term of the contract to achieve annual price reductions for the Products through commercial and productivity give backs, including value added and value engineering give backs. The specific price reduction amounts will be negotiated for each program to which the purchase order applies.

3. Quality Assurance

Seller shall qualify as an acceptable vendor in compliance with the requirements of the current revision of Buyer's Supplier Quality (SQ) Manual QA50-0005 within a reasonable time after Seller accepts Buyer's initial order for Products. Seller shall maintain its status as an acceptable vendor in compliance with the requirements of Buyer's SQ manual. Seller shall adhere to the terms and requirements set forth in the latest version of the SQ manual which should have been provided by Buyer, at time of Request for Quote. If supplier did not receive a copy, one can be provided upon request to the Buyer. Seller shall also supply initial samples and documentation per the Production Part Approval Process (PPAP) for Buyer's approval prior to the commencement of production runs by Seller. If Seller does not supply reports as required, Buyer may either reject the samples or inspect and test the samples itself and invoice Seller for such work at the rate of \$250.00 USD per hour. After its initial qualification, Seller shall maintain its status as an acceptable vendor under Buyer's supplier quality systems requirements.

4. Service and Replacement Parts

4.1 Current Model Service Requirements: Unless otherwise indicated by Buyer, Seller is required to produce and sell to Buyer pursuant to the provisions of this Terms and Conditions the Products necessary for Buyer to fulfill its current model year service and replacement parts requirements at the prices set forth in the purchase order.

4.2 Past Model Service/Post Production Service Requirements: During the 15 year period after Buyer completes current model year purchases, Seller will produce and sell to Buyer pursuant to the provisions of this Terms and Conditions the Products necessary for Buyer to fulfill its past model year service and replacement parts requirements. Unless otherwise agreed to by Buyer, the price(s) during the first five (5) years for Products will be those in effect at the conclusion of current year model purchases. For the remainder of Seller's supply obligation of service and replacement parts hereunder, the prices for Products will be as agreed to by the parties based upon good faith negotiations.

4.3 Extended Service Period: If Buyer or any of its related companies has a legal obligation to make the service and replacement parts available for a longer period, Buyer will so advise Seller. Seller will supply the service and replacement parts for this longer time period.

5. Shipping and Delivery

5.1 Packaging and Shipment: Buyer may specify the method of transportation and the type and number of packing slips and other documents to be provided with each shipment. Seller will pack and ship Products in accordance with Buyer's instructions, including labeling and hazardous materials instructions and all applicable governmental regulations. If Buyer has not provided packing or shipping instructions, Seller will pack and ship Products in accordance with sound commercial practices and industry standards. If Seller is required to use Buyer's returnable packaging, Seller will be responsible for cleaning and returning the returnable packaging. If returnable packaging is not available, Seller may use expendable packaging and Buyer will reimburse Seller for the reasonable costs of expendable packaging.

- a. Delivery: Seller will comply with Buyer's "ship to" and "bill to" instructions as shown in the purchase order or in the applicable "Vendor Release and Shipping Schedule." Seller will route its shipments in accordance with instructions of Buyer or its shipping agent. Title to and risk of loss of the Products shall pass to Buyer upon delivery of the Products in accordance with the shipping terms specified by Buyer. Seller understands that Buyer establishes its manufacturing schedules in reliance on Seller's timely performance of the purchase order and that time is of the essence in Seller's performance. In the event of delays in timely performance attributable to Seller or its agents, Seller shall be responsible for all costs and expenses resulting from such delays, including all costs and expenses imposed on Buyer by its customers, end users and end customers. Additionally, Seller shall also bear the costs and expenses of expedited freight, which may be required to mitigate such Seller delays. Seller agrees to show the engineering revision level of the Products shipped on all shipping documents.

6. Inspection

Buyer and/or Buyer's customer shall have the right to review any designs, drawings or specifications prepared by Seller under the purchase order and to inspect and test Products at Seller's premises prior to delivery to Buyer. Buyer shall make such inspections and tests so as not to delay the work unduly. Buyer shall also have the right to inspect Products at Buyer's plant within a reasonable time after delivery. Any review, inspection or test by Buyer under this section shall not relieve or excuse Seller from its obligations under this Terms and Conditions. For the avoidance of doubt, Seller understands that the foregoing rights of inspection notwithstanding, Buyer and/or Buyer's customer do not have an affirmative obligation to inspect the Products and may choose not to inspect the Products. Buyer and/or Buyer's customer shall, and be entitled to rely on Seller's full and accurate compliance with the purchase order issued by Buyer, and on Seller's warranties arising by statute, contract, these terms or otherwise.

7. Payment

Payment terms are as set forth in the Contract. Seller will promptly submit correct and complete invoices or other agreed billing communications with appropriate supporting documentation and other information reasonably required by Buyer after delivery of Products and performance of Services, and Buyer may withhold payment until a correct and complete invoice or other required information is received and verified. Seller will accept payment by check or other cash equivalent, including electronic funds transfer. Buyer will pay Seller in the currency specified in the Contract or, if none is specified, in the currency of Seller's shipping or service location. Buyer may setoff or deduct from sums owed to Seller under the Contract those sums owed by Seller to Buyer and agreed to between the parties or upon final determination by dispute resolution.

8. Warranty

8.1 Seller's Warranties: Seller warrants that it has good title to the Products, free and clear of all liens and security interests. Seller warrants the Products will conform to any drawings, specifications, statements of work, samples, and/ or other descriptions and requirements relating to the Products furnished by Buyer as part of the contract. In addition, Seller acknowledges that Seller knows of Buyer's intended use and warrants that Products will be fit and sufficient for the purpose intended by Buyer. Seller also warrants that all Products supplied will be merchantable, of good material and workmanship, free from defect in design, manufacture and/or otherwise, and in compliance with all applicable statutes, regulations and standards. These warranties shall survive inspection, test, acceptance of, and payment for the Products and shall run to Buyer and its customers, end users and end customers. Buyer shall have all legally available remedies for breach of warranty. These remedies shall be in addition to any other remedies that may be available to Buyer by statute, contract, these terms, or otherwise for breach of warranty. In addition to such other remedies, which shall include the right to require Seller to reimburse Buyer for all payments it may be required to make to its customers, end users and end customers attributable to Seller's breach of warranty, Buyer may either return for credit or refund at the expense and risk of loss to Seller, or require prompt correction or replacement of the defective or nonconforming Product or part thereof. In addition to any other right provided in the Contract or by law, Buyer may, at its sole discretion, immediately cancel any or all purchase orders, suspend all deliveries of Products and/or to terminate the contract in case of Seller's breach of warranty hereof.

Seller's warranty hereunder will be coterminous with the warranty terms as to time and/or mileage extended by Buyer to its customers, end users or end customers for the Products or end products employing any such Products as a part or component thereof. If additional warranty periods as to time and/or mileage are imposed by agreement or otherwise on Buyer by its customers, end users, end customers or governmental action, Seller's warranty terms as to time and/or mileage will extend and be coterminous with such additional warranty periods. For the avoidance of doubt, Seller understands that the Products or end products employing any such Products as a part or component thereof may be subject to different warranty periods as may be provided by Buyer, Buyer's customers, end users or end customers. Consequently, Seller agrees



that its warranty obligations under this Section 8, and in particular, under this paragraph of Section 8 will apply also to such different warranty periods.

Seller will cooperate with Buyer in various initiatives and programs Buyer might implement designed to improve quality, increase customer, or end user satisfaction, or reduce costs. Seller is required to participate in these initiatives and programs to the extent requested by Buyer. Seller can learn more about such initiatives and programs by contacting Buyer. Buyer's and Seller's obligations to treat information received under any such initiatives and programs as confidential information are described in Section 12.

If Seller initiates such a program or initiative covering the Products, Seller will specify the extent, if at all, to which the terms of such a program or initiative take precedence over or modify the terms contained herein.

The foregoing warranties are the sole warranties and all other warranties or representations, express or implied, arising by law or custom, including implied warranties of merchantability and fitness for a particular purpose, are expressly disclaimed.

8.2 Recalls: This Section 8.2 applies to any voluntary or government-mandated offer by Buyer (or the vehicle manufacturer) to vehicle purchasers to remedy an alleged defect that affects motor vehicle safety or to address an alleged failure of a vehicle to comply with an applicable motor vehicle safety standard or guideline (a “**Recall**”). Except as otherwise stated in the Contract (including Section 16.2), Seller will be liable for costs and damages resulting from a Recall only if the Recall results in whole or in part from a failure of the Products to conform to the warranties in Section 8.1 during the warranty period specified in the Contract. If Seller is liable for a Recall, the extent of Seller’s liability will be negotiated on a case-by-case basis based on (1) a good faith allocation of responsibility for the Recall, (2) the reasonableness of the costs and damages incurred, (3) the quantity purchased and Contract price of the affected Products, and (4) other relevant factors. As a condition precedent to Seller’s liability under this Section 8.2, Buyer must (i) notify Seller as soon as practicable after Buyer learns that a Recall being considered implicates the Products, (ii) provide Seller with available performance evaluations, accident reports, engineering investigations, and other data relating to the potential Recall, (iii) provide Seller a reasonable opportunity to participate in inquiries and discussions among Buyer, its customer, and governmental agencies regarding the need for and scope of the Recall, and (iv) consult with Seller about the most cost-effective method of modifying or replacing vehicle systems or component parts, including the Products, in order to remedy the alleged defect or non-compliance. Seller shall comply with all Product Safety and Compliance Requirements contained in the SQ manual, and discussed during supplier kick off meeting.

9. Product Liability

9.1 Indemnification: Seller will indemnify and defend Buyer against third-party claims or demands for injury or death to persons, property damage, economic loss, and any resulting damages, losses, costs, and expenses (including reasonable legal fees), regardless of whether the claim or demand arises under tort, contract, strict liability, or other legal theories, if and to the



extent caused by Seller's defective design (if Seller has warranted design) or manufacture of Products or provision of Services, delivery of non-conforming Products or Services, or its negligent acts or omissions in its performance under the Contract.

9.2 Procedure: Buyer will notify Seller promptly after Buyer becomes aware of the basis for a claim under this Section 9. The parties will cooperate with each other to determine the root cause of a defect in or failure of the Products (and related systems and components) and an equitable allocation of responsibility among all responsible parties. Seller may examine and test all available Products and related systems and components that are subject to a third-party claim. Buyer will endeavor to include Seller in settlement discussions where indemnity has been or will be sought from Seller, and Buyer may not settle or compromise any third-party claim that gives rise to an indemnification claim without Seller's prior written consent, which will not be unreasonably withheld or delayed.

10. Intellectual Property

Seller warrants that the Products, components, parts, designs, and/or concepts designed or developed by Seller, its employees, agents and sub-contractor and any process for the manufacturing of the Products do not violate or infringe any existing or pending third party intellectual property rights including patent, trademark, copyright, industrial design right, or other proprietary right, or misuse or misappropriation of trade secret. Seller agrees (a) to defend, hold harmless and indemnify Buyer, its successors and customers against any claims of infringement and resulting damages and expenses (including attorney's and other professional fees) arising in any way in relation to the goods or services contracted, including such claims where Seller has provided only part of the goods or services; Seller expressly waives any claim against Buyer that such infringement arose out of compliance with Buyer's specification; (b) that Buyer or Buyer's subcontractor has the right to repair, reconstruct, or rebuild the specific Products delivered under the contract without payment of any royalty to Seller; (c) that parts manufactured based on Buyer's drawings and/or specifications may not be used for its own use or sold to third parties without Buyer's express written authorization; and (d) to the extent that the contract is issued for the creation of copyrightable works, the works shall be considered "works made for hire;" to the extent that the works do not qualify as "works made for hire," Seller hereby assigns to Buyer all right, title and interest in all copyrights and moral rights therein.

11. Compliance with Laws

Seller will comply with applicable laws, rules and regulations of the country where the Products are manufactured or the Services are performed. Seller will provide Buyer with material safety data sheets regarding the Products and, upon Buyer's request, will provide Buyer with other information reasonably required in order to comply with applicable laws.

12. Intellectual Property Information



If Buyer supplies drawings, data, designs, inventions, computer software or other technical information to Seller to facilitate the performance of the contract, then such information shall remain Buyer's property and Seller shall hold it in confidence and regard it as confidential information. Seller shall not reproduce, use or disclose such information to others for any purposes other than the performance of the contract without Buyer's prior written consent. Seller may use Buyer's confidential information only for the production and supply of Products to Buyer. Seller shall have no right to use Buyer's marks, trademarks, or trade names except as authorized in writing by Buyer. Such information shall be returned to Buyer upon completion by Seller of its obligations under the contract or upon demand, along with all copies Seller has made and all other documents in which such information has been incorporated.

Unless Buyer has entered into a separate written non-disclosure agreement with Seller, and such agreement is specifically incorporated by reference herein, any information which Seller may disclose to Buyer with respect to the design, manufacture, sale or use of the Products covered by the contract shall be deemed to have been disclosed as part of the consideration for the contract, and Buyer shall be free to use such information. Seller grants to Buyer a non exclusive, worldwide right and license to use Seller's intellectual property rights to obtain from alternate sources products and services similar to the products and services for use in vehicles and/or component parts covered by the contract. There will be no fee for this license if (1) Buyer terminates the contract for Seller's default, or (2) Seller terminates the contract other than for Buyer's default. Otherwise, the parties will negotiate a reasonable fee for the Seller's intellectual property rights.

13. Buyer's Property

All property used by Seller in connection with the contract which Buyer owns and delivers to Seller, or pays Seller for, including, but not limited to, tools, dies, jigs, molds, patterns, fixtures and equipment and any replacement thereof, of any of its duties under the contract shall remain the property of Buyer. Seller shall at its expense maintain Buyer's property in good condition and repair, normal wear and tear expected, throughout the useful life of Buyer's property. Seller shall use Buyer's property only for the manufacture, storage, and transport of Products for Buyer unless Buyer otherwise approves in writing, at Buyer's request and expense, mark Buyer's property as belonging to Buyer or its customer, and not remove Buyer's property (other than shipping containers and the like) from Seller's premises without Buyer's written approval. All replacement parts, additions, improvements, and accessories to Buyer's property will become part of Buyer's property unless they can be removed without damaging Buyer's property. This Terms and Conditions shall bind any permitted successors or assigns of Seller.

Subject to Section 13, Seller will immediately release to Buyer upon request, and Buyer may retake immediate possession of, Buyer's Property and other property of Buyer or its customers at any time, with or without cause and without payment of any kind unless otherwise provided in the Contract. Seller will release the requested Property and other property to Buyer F.C.A. Seller's plant (Incoterms 2010), properly packed and marked in accordance with the requirements of Buyer's carrier. If the release or recovery of Buyer's Property or other property



renders Seller unable to produce a Product, the release or recovery will be deemed a termination of the Contract with respect to that Product pursuant to Section 15 or 16, as applicable.

14. Excusable Delays

Neither Seller nor Buyer shall be liable for damages for delay in or prevention of its performance of the contract arising out of causes beyond its reasonable control including, but not limited to, acts of God or of the public enemy, acts of any Government in either its sovereign or contractual capacity, fires, floods, or freight embargoes. It shall be a condition of excuse under this section that the party seeking excuse notifies the other party in writing within ten (10) days after the beginning of any cause which may excuse performance under this section. If all or any material portion of Seller's performance under the contract is excused under this section for a period exceeding ninety (90) days, Buyer shall have the right to terminate the contract immediately upon written notice to Seller without further liability or obligation to Seller. For the avoidance of doubt, Seller understands and agrees that strikes, lockouts or other labor disputes shall not be considered events of excusable delay.

15. Termination Rights

Buyer may terminate the performance of work under the contract (or any part thereof) at any time without cause upon written notice of termination to Seller. Upon receipt of such notice, Seller shall, unless the notice directs otherwise, immediately discontinue work under the contract. Within thirty (30) days after receipt of the written notice of termination, Seller shall submit any claim for its expenses resulting from the termination and Buyer shall promptly make a reasonable settlement of the claim. The foregoing notwithstanding, Seller agrees that it will in no event be entitled to claim or recover under any such settlement or otherwise for its development and engineering costs, unabsorbed overhead, general and administrative burden, lost profits or any other expense, loss, damage or liability in the nature of consequential, indirect, or special damages from termination of the Contract. Buyer shall only consider Seller's actually incurred direct out of pocket expenses directly attributable to Buyer's termination pursuant to this paragraph of this Section 15. Moreover, Seller shall not be entitled to seek recovery for its costs of tooling used for the manufacture of Products unless Buyer and Seller have entered into a separate written agreement pursuant to which Buyer has agreed to be responsible for such costs.

Buyer may terminate the performance of work under the contract (or any part thereof) for cause upon written notice of termination to Seller if (a) Seller fails to cure any material failure to perform, discharge or fulfill its obligations under the contract to the reasonable satisfaction of Buyer within ten (10) days after receipt of a written notice from Buyer that Buyer considers Seller to be in default under the contract; or (b) Seller, without the prior written consent of Buyer, assigns or transfers all or part of its rights and obligations under the contract order to another person, either voluntarily or by operation of law; or (c) Buyer has reasonable grounds for insecurity about Seller's ability to continue to perform the contract satisfactorily, including Seller's ability to maintain acceptable quality standards and delivery schedules, or a satisfactory financial condition.

In addition to the foregoing, Buyer may terminate the performance of work under the contract (or any part thereof) for cause upon written notice to Seller if (a) Seller is unable, in the reasonable judgment of Buyer, to remain competitive in terms of price, technology, quality or other material terms of sale with other suppliers of such Products, and fails to re-establish its competitive position to the reasonable satisfaction of Buyer within ninety (90) days after Buyer notifies Seller of such issue, specifying the manner in which such Products have become uncompetitive.

16. Default

16.1 Events of Default: Time is of the essence and, subject to Section 14, either party will be in “*Default*” under the Contract if it (1) fails to perform any obligation under the Contract and, if the non-performance can be cured, fails to cure the non-performance within 15 business days after notice from the other party specifying the non-performance, (2) admits in writing its inability to pay its debts as they become due, commences a bankruptcy, insolvency, receivership, or similar proceeding, or makes a general assignment for the benefit of creditors, (3) becomes a debtor in a bankruptcy, insolvency, receivership, or similar proceeding commenced by a third party that is not dismissed within 30 days after commencement, or (4) fails to provide adequate assurance of performance under the Contract within three business days after written demand by the other party.

16.2 Remedies:

(a) Subject to Sections 8 and 9 (which provide the exclusive remedies for breach of warranty, recalls, and products liability) and to the limitations in this Section 16.2, either party may exercise the remedies provided in this Section 16.2, which are cumulative and are in addition to all other rights and remedies available elsewhere in the Contract or by law.

(b) Either party may recover from the other party actual out-of-pocket damages or costs directly caused by the other party’s breach of the Contract, regardless of whether the breach subsequently becomes a Default with the passage of time or giving of notice or both. All damages under this Section 16.2 will be reasonably determined based on the nature, type, price, and profitability of the Products or Services, industry practices, and the overall volume, scope, and profitability of other business relationships between Seller and Buyer.

(c) Upon the occurrence of a Default and while that Default is continuing, the non-defaulting party may terminate the Contract by notice to the defaulting party. If Seller is in Default, Buyer’s damages will include the reasonable costs actually incurred to relocate the work to an alternate source, and Buyer may purchase completed Products at the Contract price and work-in-process and raw materials at Seller’s actual cost. If Buyer is in Default, Seller’s damages will include (1) the Contract price for completed Products and Services and the actual cost of work-in-process and raw materials (which will become Buyer’s property upon payment in full), and (2) the cost of unreimbursed and unamortized research and development, capital equipment, Property, and supplies that are unique to the Products.



(d) If Seller does not release or deliver Buyer's Property or other property of Buyer or its customers in accordance with Section 13, Buyer may at Seller's cost (1) obtain an immediate court order for possession, and (2) enter Seller's premises, with or without legal process, and take immediate possession of Buyer's Property and the other property. To the extent permitted by law, Seller waives any right to object to Buyer's repossession of Buyer's Property and the other property in a bankruptcy or other proceeding.

(e) EXCEPT AS OTHERWISE EXPRESSLY AUTHORIZED IN THE CONTRACT, ALL INDIRECT, SPECIAL, CONSEQUENTIAL (INCLUDING LOST PROFITS OR MARKET SHARE OR DAMAGE TO BRAND VALUE), INCIDENTAL, PUNITIVE, AND EXEMPLARY DAMAGES, WHETHER OR NOT FORESEEABLE, ARE EXCLUDED UNDER THESE GENERAL TERMS AND CONDITIONS TO THE EXTENT PERMITTED BY APPLICABLE LAW.

17. Hazardous Materials and Restricted Substances

Seller shall notify Buyer of all "hazardous materials" (as that term is defined in applicable federal, state and local statutes) which are contained in the Products. Seller shall furnish Buyer with copies of all applicable "Material Safety Data Sheets" for Products no later than the initial shipment date under the purchase order. Seller shall also comply with all laws, orders and regulations pertaining to the use, storage, transportation and disposal of restricted, toxic and hazardous materials.

For Products that are incorporated into Buyer's customers' products, Seller shall disclose restricted, toxic and hazardous materials information to Buyer upon request. Such disclosure shall include, but is not limited to, Seller's entry of parts information into the International Material Data System ("IMDS") and forwarding such information to Buyer (IMDS ID #83999). At a minimum, Seller shall disclose those materials listed on the IMDS International List of Reportable Substances.

18. Insurance

Seller shall at all times provide and maintain the following:

(a) Workers compensation insurance or approved self-insurance for statutory requirements in the states of operation, and employers liability and/or umbrella insurance with limits of not less than \$5,000,000 each accident for bodily injury by accident or \$5,000,000 each employee for bodily injury by disease.

(b) Commercial general liability including products/completed operations, and if necessary commercial umbrella insurance with a limit of not less than \$5,000,000 each occurrence and general aggregate. CGL insurance shall be written on ISO occurrence form CG 00 01 01 96 or equivalent, and shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under contract.



(c) Automobile liability, and if necessary commercial umbrella insurance with a limit of not less than \$5,000,000 each accident. Such insurance shall cover liability arising out of any auto, including owned, hired and non-owned autos. Coverage shall be written on ISO form CA 00 01 or equivalent and shall include coverage for liability assumed under contract.

Seller waives all rights against Buyer and its agents, officers, directors, and employees for recovery of damages to the extent these damages are covered by the above insurance policies. Seller shall obtain endorsements to affect this waiver.

All insurance coverage required shall be at the sole cost and expense of Seller. All deductibles shall be assumed by, for the account of, and at the Seller's sole risk.

Seller shall furnish evidence of insurance satisfactory to Buyer and permit any authorized representative of Buyer to examine Seller's original insurance policies if requested. Coverages should be written with carriers of A.M. Bests ratings of no less than A- VIII, or as otherwise acceptable to Buyer. Should Seller at any time neglect or refuse to provide the insurance required herein, or should such insurance be cancelled, Buyer shall have the right to procure the same and the cost thereof shall be deducted from monies then due or thereafter to become due to Seller. Seller shall not commence work under the purchase order until all of the insurance required herein shall have been obtained and evidenced to Buyer.

19. Governing Law

The contract shall be governed by the law of the state of Michigan, including the Uniform Commercial Code, but excluding the provisions of the United Nations Convention on Contracts for the International Sale of Goods, and excluding Michigan law with respect to conflicts of law.

20. Export, Trade Credits, Offset, and Counter Trade Credits

To the extent permitted by law or Treaty, Seller shall assign to Buyer all such credits which arise from the contract with the right to reassign such credits as determined by Buyer.

21. Custom Documentation

Seller shall provide Buyer all necessary information and documentation of Seller relating to the Products supplied under the contract and required to comply with applicable customs, product marking, country of origin, and other laws.

Seller shall hold Buyer harmless for any and all increased costs or customs duties or other penalties or damages incurred by Buyer as a result of deficient or erroneous documentation supplied by Seller for purposes of establishing the status of Products supplied under the contract under the North American Free Trade Agreement and its implementing laws and regulations.

Buyer and its subsidiaries and affiliates shall be entitled to, and Seller hereby assigns to Buyer all duty and import drawback rights of Seller related to the Products. These rights include, without



limitation, those rights developed by successorship and rights which may be acquired by Seller from its suppliers.

Seller agrees to inform Buyer of the existence of any such rights and upon request will supply such documents as may be required to obtain or assign such drawback rights.

22. Government Contracts

If the contract is placed in support of a government contract, Seller will comply with all applicable government requirements for government subcontractors, including but not limited to any applicable provisions of the Federal Acquisition Regulations (FAR).

23. Setoff

In addition to any right of setoff or recoupment provided by law, Buyer may at any time and without notice deduct or setoff any amounts due to or to become due to Seller and/or its affiliates/subsidiaries (related companies) from Buyer and/or its affiliates/subsidiaries against any claims that Buyer has or may have arising out of this or any other order, or transaction between Buyer and Seller.

24. Lead Free Requirement

Refer to LGCPI SQ Manual QA50-0005 for specific requirements for lead free product. In general, LGCPI classifies lead free as below 0.1% lead in any homogeneous material.

25. Entire Agreement

The contract, including all documents incorporated by reference, contains the entire agreement between Buyer and Seller with regard to the purchase and sale of the Products sold under the contract. The contract supersedes any prior agreements or discussions (whether written or oral) between Buyer and Seller about the subject matter of the contract. No amendment or modification to the contract (other than a written notice of change issued by Buyer under Section 1.3) shall be valid unless made in writing and signed by a duly authorized representative of each of Buyer and Seller.

Seller and Buyer may use electronic means, including computer-based telecommunications systems, to transmit the purchase order, Seller's acknowledgment of the purchase order, Buyer's "Vendor Release and Shipping Schedule," or other correspondence or information relating to the placing of the purchase order or its performance. This Terms and Conditions shall supersede any terms and conditions contained in any such electronic transmission.

26. Confidential Information

Trade secrets, specifications, drawings, notes, instructions, engineering data and analyses, compositions of matter, financial data, and other technical and business data which are supplied or disclosed by Buyer or Seller in connection with the Contract, in each case that are marked or



otherwise identified as confidential or where their confidential nature is apparent at the time of disclosure (“*Confidential Information*”), will be deemed confidential and proprietary to, and remain the sole property of, the disclosing party. The receiving party may not disclose Confidential Information or use Confidential Information for any purpose other than as contemplated under the Contract without in each case the written consent of the disclosing party. Confidential Information will not include information that (1) is or becomes generally available to the public other than as a result of a violation of this Section 26 by the receiving party, (2) was obtained by the receiving party on a non-confidential basis from a third party who had the apparent right to disclose it, or (3) is legally required to be disclosed. Buyer and Seller will each use the same degree of care to safeguard Confidential Information that it uses to protect its own confidential information from unauthorized access or disclosure (but not less than a reasonable degree of care). Upon request by the disclosing party, the receiving party will promptly return or destroy the original and all copies of Confidential Information received.

27. Assignment and Subcontracting

Neither party may assign or subcontract its duties or responsibilities under the Contract without the prior written consent of the other party, which will not be unreasonably withheld or delayed. Unless otherwise stated in the consent, any assignment or subcontracting by either party, with or without the required consent, will not relieve that party of its duties or obligations under the Contract or its responsibility for non-performance or Default by its assignee or subcontractor. If Buyer requires Seller to subcontract all or a portion of its duties or obligations under the Contract to a designated subcontractor, Seller will not be responsible for a breach of the Contract caused by that subcontractor’s failure to meet its warranty, delivery, or other contractual obligations.

28. Labor Contracts:

Seller will notify Buyer of the contract expiration date at least six months before the expiration of a current labor contract that has not been extended or replaced. Buyer may thereafter direct Seller in writing to manufacture up to 30 days of additional inventory of Products, specifying the quantities of Products required and any packaging and storage requirements. Seller will use commercially reasonable efforts to comply with Buyer’s written directions prior to expiration of the current labor contract and until the current labor contract has been extended or a new contract completed. By authorizing the additional inventory, Buyer commits to buy the entire quantity of conforming Products requested and produced. Seller is responsible for carrying costs and any additional costs of manufacture.

29. Dispute Resolution

29.1 Negotiation and Mediation: Buyer and Seller will first endeavor to resolve through good faith negotiations any dispute arising under the Contract. If a dispute cannot be resolved through good faith negotiations within a reasonable time, either party may request non-binding mediation by a mediator approved by both parties or, absent that approval, by the National Center for Dispute Resolution.

29.2 Arbitration: If mediation fails to resolve the dispute within 30 days after the first mediation session, either party may submit the dispute to binding arbitration by notice to the other party. The arbitration proceedings will be conducted, and three arbitrators will be selected, in accordance with the rules of the National Center for Dispute Resolution or other rules approved by the parties, and will be governed by the *United States Arbitration Act*, 9 U.S.C. §§1-16, and this Section 29. The arbitration will be conducted at an agreed location or at a location selected by the arbitrators if the parties are unable to agree. The arbitrators will issue a written opinion setting forth the basis for the arbitrators' decision, which may include an award of legal fees and costs. The arbitrators' award will be final and non-appealable absent fraud or manifest error, and judgment on the arbitrators' award may be entered in any court having jurisdiction. While arbitration proceedings are pending, the parties will continue to perform their obligations under the Contract without setoff for any matters being contested in the arbitration proceedings.

29.3 Litigation: The parties have selected binding arbitration as the sole means to resolve a dispute between them over monetary claims that cannot be resolved through mediation. Either party may pursue through litigation claims that also involve third parties who have not consented to arbitration, claims in litigation commenced by third parties, and claims for injunctive or other non-monetary relief.

30. Miscellaneous

30.1 Advertising: During and after the term of the Contract, Seller will not advertise or otherwise disclose its relationship with Buyer or Buyer's customers without Buyer's prior written consent, except as may be required to perform the Contract or as required by law.

30.2 Audit Rights: Seller will maintain records as necessary to support amounts charged to Buyer under the Contract in accordance with Seller's document retention policies. Buyer and its representatives may audit Seller's records of transactions completed within one year prior to the audit date, to the extent needed to verify the quantities shipped and that the prices charged match the Contract prices. Any audit will be conducted at Buyer's expense (but will be reimbursed by Seller if the audit uncovers material errors in the amounts charged), at reasonable times, and at Seller's usual place of business.

30.3 Electronic Communication: Seller will comply with the method of electronic communication specified by Buyer in Buyer's request for quotation and confirmed in the Contract, including requirements for electronic funds transfer, purchase order transmission, electronic signature, and communication. Seller will also make commercially reasonable efforts



to comply with any modification to Buyer's specified method of electronic communication after the date of the Contract, subject to Section 1.3.

30.4 Relationship of the Parties: Buyer and Seller are independent contractors, and nothing in the Contract makes either party the agent or legal representative of the other party for any purpose. Neither party has authority to assume or to create any obligation on behalf of the other party.

30.5 Waiver: The failure of either party to enforce any right or remedy provided in the Contract or by law on a particular occasion will not be deemed a waiver of that right or remedy on a subsequent occasion or a waiver of any other right or remedy.

30.6 Severability: A finding that any provision of the Contract is invalid or unenforceable in any jurisdiction will not affect the validity or enforceability of any other provision of the Contract or the validity or enforceability of that provision in any other jurisdiction. To the extent permissible under applicable law, any such invalid, illegal or unenforceable provision shall be deemed amended lawfully to conform to the intent of the parties hereto.

30.7 Interpretation: When used in these General Terms and Conditions, "including" means "including without limitation" and terms defined in the singular include the plural and vice versa.

30.8 Notices: Any notice or other communication required or permitted in the Contract must be in writing and will become effective on the date of actual receipt if the date of actual receipt is a business day or on the next business day if the date of actual receipt is not a business day.