

1. **General.** These Terms and Conditions of Purchase apply to all goods and/or services (collectively, "Products") purchased by SMP Automotive Systems Alabama Inc. ("Buyer") and are incorporated into each and every purchase order issued by Buyer with respect to the Products ("Order"). The provisions of Buyer's "Global Supplier Manual" are hereby incorporated into these Terms and Conditions. In the event of a conflict between the Global Supplier Manual and these Terms and Conditions, the provisions of the Global Supplier Manual shall control, unless such provisions of the Global Supplier Manual are, by law, not applicable to the Seller or the Products. By supplying Products to Buyer, Seller acknowledges and agrees that it has read, understands and agrees to be bound by these Terms and Conditions of Purchase.

2. **Offer and Acceptance.** The Order is an offer by Buyer to the party to whom the Order is addressed ("Seller") to enter into the agreement the Order describes, including, without limitation, to purchase the Products identified in such agreement and it shall be the complete and exclusive statement of such agreement. The Order does not constitute an acceptance by Buyer of any offer or proposal by Seller, whether in Seller's quotation, acknowledgement, invoice or otherwise. In the event that any Seller quotation or proposal is held to be an offer, that offer is expressly rejected and is replaced in its entirety by the offer made up of the Order. Seller will be deemed to have accepted Buyer's offer and the Order in its entirety, without modification, upon the earliest of (a) Seller's acceptance via a formal written acknowledgment to Buyer, (b) Seller's delivery of any Products that are the subject of the Order or (c) any other conduct by Seller that recognizes the existence of the Order, including, without limitation, preparation for or commencement of any of the work stated in the Order. Acceptance of Buyer's offer is expressly limited to and made conditional on Seller's acceptance of all of the terms and conditions set forth in the Order. Any additions or modifications proposed by Seller are expressly rejected by Buyer and are not part of the agreement in the absence of an agreement in writing signed by an authorized representative of Buyer. Upon acceptance by Seller, the Order will become a binding contract between Buyer and Seller (the "Contract"). Seller acknowledges and agrees that all policies, guidelines, manuals, specifications and requirements referenced in the Contract or otherwise communicated by Buyer to Seller during the term of the Contract, are incorporated in, and a part of, the Contract.

3. **Customer Terms.** Seller acknowledges that Products covered by the Contract may be sold, or incorporated into goods or services that will be sold, by Buyer to an original equipment manufacturer, whether directly or indirectly through an upper tier supplier, or any other third party customer (collectively, "Customer"). Accordingly, Seller shall take such steps, provide such disclosure, comply with such requirements and do all other things as Buyer deems necessary or desirable and within Seller's control to enable Buyer to meet Buyer's obligations under the terms and conditions of any contract or purchase order or other document ("Customer Terms") that may be applicable to Buyer from time to time in respect of its direct or indirect supply of such goods or services to the Customer. While Buyer may, from time to time, provide Seller with information regarding the applicable Customer Terms, it is Seller's responsibility to ascertain the Customer Terms that may affect Seller's obligations under the Contract.

4. **Price.** Buyer shall not be invoiced at a price higher than that stated in the Contract. Unless otherwise expressly stated in the Contract, all prices for Products include (a) all applicable federal, state, provincial, value added and local taxes and any excises, duties or other governmental impositions applicable to the provision of the Products ordered, and (b) the charges for insurance, packaging, freight, transportation and any other fee or expense relating to the provision of the Products ordered. All state and federal excise, sales and use taxes shall be stated separately on invoices. Seller shall cooperate with Buyer in obtaining and furnishing certificates or other evidence of inapplicability of or exemption from any sales, use, excise or other taxes to which Buyer may be entitled. No surcharges, premiums or other additional charges of any kind may be imposed upon Buyer unless expressly agreed to in writing by an

authorized representative of Buyer. Seller expressly assumes the risk of any event or cause (whether or not foreseen) affecting the prices stated in the Contract, including, without limitation, any foreign exchange rate changes, increases in raw materials costs, inflation, increases in labor and other manufacturing costs, and/or fluctuations in volume. Seller warrants that the price charged to Buyer for Products is not less favorable than the price currently extended to any other customer for the same or similar goods or services in similar quantities or specifications. Seller shall ensure that the price charged to Buyer for Products is and remains competitive with the price for similar goods and services available to Buyer from other sellers.

5. **Invoices.** No invoices shall be issued prior to delivery of Products. Seller shall comply with Buyer's instructions and then current policies with respect to the form, content and method for submission of all invoices before any payment will be made by Buyer. Without limiting the generality of the foregoing, all invoices for Products shipped pursuant to the Contract must reference the Order number, amendment or release number, Buyer's part number, Seller's part number where applicable, quantity of pieces in shipment, number of cartons or containers, Seller's name and number, and bill of lading number. Buyer reserves the right to return all invoices or related documents submitted incorrectly, and payment terms will be determined as of the date of the latest correct invoice received by Buyer.

6. **Delivery Schedules.** Deliveries will be made in the quantities, on the dates, and at the times specified by Buyer in the Contract or any subsequent releases or instructions issued by Buyer under the Contract. Time and quantity are of the essence with respect to all delivery schedules Buyer establishes. Buyer will not be required to pay for any Products that exceed the firm quantities specified in Buyer's delivery schedules or to accept Products that are delivered in advance of the delivery date specified in Buyer's delivery schedules. Buyer may return over-shipments at the expense of Seller. Seller bears the risk of loss of all Products delivered in advance of the delivery date specified in Buyer's delivery schedules. If the requirements of Buyer's Customers or market, economic or other conditions require changes in delivery schedules, Buyer may change the rate of scheduled shipments or direct temporary suspension of scheduled shipments without entitling Seller to a price adjustment or other compensation.

7. **Shipping.** Shipments will be routed in accordance with Buyer's instructions and, unless otherwise specified by Buyer, shall be delivered DDP (Incoterms 2010) Buyer's designated location. All Products will be shipped in accordance with sound commercial practice and in accordance with any information furnished by Buyer to Seller. Seller will comply with Buyer's packaging, labeling, shipping notification and freight requirements. Seller will not charge for costs relating to handling, packaging, storage or transportation (including duties, taxes, fees, etc.) unless otherwise expressly stated in the Contract. Seller shall bear all risk of loss for the Products until such Products are delivered and fully unloaded at Buyer's designated location. Premium shipping expenses and/or other related expenses necessary to meet Buyer's customary delivery schedules shall be the responsibility of Seller. If Seller is unable to meet Buyer's delivery requirements using the transportation method originally specified by Buyer and Buyer requires a more expeditious method of transportation for the Products to meet such delivery requirements, Seller shall, at Buyer's option: (a) promptly reimburse to Buyer the entire cost of the more expeditious method of transportation; or (b) allow Buyer to reduce its payment of Seller's invoices by the entire cost of the more expeditious method of transportation.

8. **Acceptance of Products.** Acceptance of Products by Buyer is subject to Buyer's inspection on their arrival on Buyer's premises, notwithstanding any prior payment. Products rejected by Buyer as not conforming to the Contract by reason of inferior quality, failure to meet specifications, late delivery or otherwise shall be returned to Seller with charges for transportation and labor being for the account of Seller. Products rejected by Buyer and returned to Seller shall not be replaced except upon express instructions given by Buyer. Buyer retains all remedies to which it is entitled by statute or under common law.

9. **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 required by Buyer after delivery of Products, and Buyer may withhold payment until a correct and complete invoice or other required information is received and verified.

10. **Volume Projections.** Seller acknowledges that any estimates, forecasts or projections of future anticipated volume or quantity requirements for Products provided by Buyer are provided for informational purposes only and, like any other forward looking projections, are based on a number of economic and business factors, variables and assumptions, some or all of which may change over time. Buyer makes no representation, warranty, guaranty or commitment of any kind or nature, express or implied, regarding any such estimates, forecasts or projections provided to Seller, including with respect to the accuracy or completeness of any such estimates, forecasts or projections.

11. **Safety Stock.** Upon written request by Buyer, Seller shall manufacture Products in excess of Buyer's current requirements as a reserve for shipment at such levels as may be set by Buyer from time to time in its sole and absolute discretion, for such reasons including an anticipated or actual inadequacy of supply, or other uncertainty relating to the supply or delay in the performance of Seller's obligations. Until such reserve Products are purchased by Buyer, they shall remain the property of Seller and shall be held by Seller at its sole risk and expense.

12. **Sourcing Limitations.** Unless the Contract expressly states that Seller shall produce one hundred percent (100%) of Buyer's requirements for Products, Buyer shall have the right to obtain a portion of such Products from another third-party source or from Buyer's internal sources.

13. **Changes.** Buyer may from time to time by notice to Seller make changes to the drawings, specifications, materials, packaging, testing, quantity, time or method of delivery or shipment, or other requirements prescribed in the Contract. Any such changes shall be deemed not to affect the time for performance or cost under the Contract unless Seller notifies Buyer in writing within ten (10) days of receipt by Seller of notice of any change. If Seller so notifies Buyer timely and Buyer determines that an adjustment is appropriate, Buyer and Seller shall negotiate an equitable adjustment to the time for performance or cost after receipt by Buyer of such documentation, and in such form and detail, as Buyer may require. Buyer has the right to examine any of Seller's pertinent books and records for the purpose of verifying Seller's claim. If Buyer determines that no adjustment is appropriate, Buyer will so advise Seller in writing. Nothing in this Section shall excuse Seller from proceeding with the Contract as changed, including failure of the parties to agree upon any adjustment to be made under this Section. Seller shall not make any change in the Contract or to the Products covered by the Contract without the prior written approval of an authorized representative of Buyer, including, without limitation, any change to (a) any third party supplier to Seller of services, raw materials or goods used by Seller in connection with its performance under the Contract, (b) the facility from which Seller or such supplier operates, (c) the nature, type or quality of any services, raw materials or goods used by Seller or its suppliers in connection with the Contract, or (d) the production method, or any process used in the production or provision of any Products under the Contract.

14. **Service and Replacement Parts.** During the term of the Contract, Seller will sell to Buyer Products necessary to fulfill Buyer's service and replacement parts requirements to Buyer's Customers at the then current production price(s) under the Contract. If the Products are systems or modules, Seller will sell the components or parts that comprise the system or module at price(s) that will not, in the aggregate, exceed the price of the system or module less assembly costs. If the Contract is in effect at the end of the vehicle production program into

which the Products are incorporated, Seller will also sell Products to Buyer to fulfill Buyer's and its Customers' service and replacement parts requirements during the fifteen (15) year period following the end of such vehicle production program ("Post-Production Period") and the Contract will automatically remain in effect during the entire Post-Production Period. During the initial five (5) years of the Post-Production Period, the price(s) for the Products will be the production price(s) which were in effect at the commencement of the Post-Production Period. For the remainder of the Post-Production Period, the price(s) for the Products will be as reasonably agreed to by the parties. If requested by Buyer, Seller will also make service literature and other materials available at no additional charge to support Buyer's service activities.

15. **Compliance with Law.** Seller will comply with all federal, state, provincial, local and foreign laws, orders, rules, regulations and ordinances that may be applicable to Seller's performance of its obligations under the Contract ("Laws") and the Contract shall include and hereby incorporates by reference all of the clauses required by the provisions of such Laws. Without limiting the generality of the foregoing, Seller hereby certifies that the Products described in the Contract have been or will be produced in compliance with the Fair Labor Standards Act of 1938 (as amended, the "Act") and any amendments thereto, as well as the provisions of any other law with respect to labor relations, minimum wages and hours of employment, now in effect or hereafter enacted, and with any and all rules and regulations issued under the Act and other laws. Seller agrees that this certification may be considered as the certificate contemplated by the amendment dated October 26, 1949, to the Act. Seller agrees that, in its performance under the Contract, it is solely responsible for required compliance with the import and export laws and regulations of the United States of America, and those of any other jurisdiction or country that may be applicable. Seller shall furnish Buyer with certificates of compliance, where required under applicable Laws or when requested by Buyer.

16. **Disclosure Requirements.** If requested by Buyer, Seller shall promptly furnish to Buyer in such form and details as Buyer may direct: (a) a list of all ingredients in the Products purchased hereunder; (b) the amount of one or more ingredients; and (c) information concerning any changes in or additions to such ingredients. Prior to and with the shipment of the Products purchased under the Contract, Seller agrees to furnish to Buyer sufficient warning and notice in writing including appropriate labels on goods, containers and packing of any hazardous material which is an ingredient or a part of any of the Products, together with such handling instructions as may be necessary to advise carriers, Buyer and their respective employees as to how to exercise that measure of care and precaution which will best prevent bodily injury or property damage in the handling, transportation, processing, use, or disposal of the Products, containers and packing shipped to Buyer. Whenever Seller becomes aware that any ingredient or component of the Products covered by the Contract are or may become harmful to persons or property or that the design or construction of the Products is defective in any manner, Seller shall immediately give notice thereof, including all relevant information with respect thereto, to Buyer. Upon request, Seller shall furnish Buyer with such written verification as Buyer deems necessary to certify the origin of any ingredients or materials in the Products. Seller shall also promptly furnish to Buyer all documents and other information requested by Buyer so that Buyer may comply in a timely manner with all applicable laws and Customer requirements governing consumer protection, conflict minerals or similar materials or ingredients.

17. **Quality Management.** Seller will maintain, and will cause any sub-supplier of Seller with respect to the Products to maintain, an appropriate quality system that meets Buyer's and Buyer's Customers' quality specifications and will ensure overall compliance with all quality requirements of Buyer and Buyer's Customer. Upon Buyer's request, Seller shall furnish Buyer with copies of Seller's certification documents, including any amendments thereto. Seller shall

have available at all times appropriate equipment and personnel to perform all required quality procedures and inspections with respect to the Products and shall conduct timely internal audits of its quality system. Seller shall ensure at all times during the Contract that overall equipment and plant capacity are adequate to meet Buyer's needs.

18. **Ownership of Proprietary Materials.** All works of original authorship, ideas, inventions (whether patentable, patented or not), know-how, processes, compilations of information, trademarks and other intellectual property created by Seller in connection with, or pursuant to, the Contract (collectively, "Proprietary Materials"), and all intellectual property rights in such Proprietary Materials, are owned by Buyer and not by Seller. Seller agrees that all such Proprietary Materials created by Seller are "works made for hire" as that term is used in connection with the U.S. Copyright Act. To the extent that, by operation of law, Seller owns any intellectual property rights in the Proprietary Materials, Seller hereby irrevocably assigns to Buyer all rights, title and interest, including copyrights and patent rights, in such Proprietary Materials. Seller shall ensure that all employees and authorized subcontractors to Seller shall have contracts with Seller in writing consistent with the terms of this Section.

19. **Warranties.** In addition to any warranties otherwise set forth in the Contract, Seller expressly warrants that all Products will be free from any liens, encumbrances and rights of third parties, will conform to any specifications, drawings, samples or descriptions furnished to Seller by Buyer, all U.S. industry standards, and all laws, regulations and other governmental requirements in force in countries where Products or products equipped with such Products are to be installed or sold, and will be new, merchantable, of good material and workmanship and free from defects. Seller acknowledges that Seller knows of Buyer's intended use for the Products and expressly warrants that all Products will be fit and sufficient for the particular purpose intended by Buyer, including, without limitation, the specified performance in the component, system, and/or subsystem specified by Buyer and the environment in which the Products are or reasonably may be expected to perform. Seller expressly warrants that the Products do not and will not infringe any United States or foreign patent, trademark, copyright, industrial design right, or other proprietary right of any third party. The warranties under this Section shall be effective for the longer of (a) the period provided by applicable law, regulation or other governmental requirement, or (b) the warranty period provided by Buyer to its Customers; provided, however, in the case of any recall campaign or other customer satisfaction or corrective service action undertaken by Buyer or its Customers, the warranty will continue for such time period as may be dictated by Buyer's Customer or the federal, state, local or foreign government where the Products are used. Seller shall repair any defects during the applicable warranty period at Seller's cost and expense (including, without limitation, for all parts, labor and transportation costs) immediately after being notified of any such defect or defects by Buyer. THE WARRANTIES AND REMEDIES CONTAINED IN THE CONTRACT SUPPLEMENT THE WARRANTIES AND REMEDIES PROVIDED BY THE UNIFORM COMMERCIAL CODE AND SHALL NOT BE DISCLAIMED OR LIMITED IN ANY WAY. All warranties contained in the Contract shall run, and all remedies shall be available to, Buyer and Buyer's affiliates, successors, Customers and any other users of the Products or products equipped with such Products and all such warranties shall survive any delivery of Products, or inspection or acceptance of such Products, or payment therefor, by Buyer. The following communications shall each constitute notice of breach of warranty under the Contract: (i) any communication specifying a defect, nonconformity, default, claim of defect or nonconformity or other problem or quality issue with Products sold under the Contract; (ii) any communication to Seller claiming that any Products are in breach of any warranty or that Seller is in default under the Contract; and (iii) a termination notice from Buyer under Section 26. To mitigate its damages, Buyer may fully defend any claim from any Customer that any Products supplied by Seller are defective, in breach of warranty, or otherwise did not meet applicable legal or contractual requirements. Seller and Buyer agree that this defense is in the interest of both Seller and Buyer. Seller hereby waives the right to argue that the fact that Buyer took any such

position in any way limits Buyer's right to assert a claim against Seller by Buyer for breach of warranty, contribution, indemnification or other claim that may arise from or be related to the subject matter of any of the foregoing.

20. **Nonconforming Goods.** Buyer, at its option, may reject and return at Seller's risk and expense, or retain and correct or have a third party correct, any Products that fail to conform to the requirements of the Contract even if the nonconformity does not become apparent to Buyer until the manufacturing, processing or assembly stage or later. Nonconforming Products will be held by Buyer for disposition in accordance with Seller's written instructions at Seller's risk. Seller's failure to provide written instructions within ten (10) days after notice of nonconformity shall entitle Buyer, at Buyer's option, to charge Seller for storage and handling, or to dispose of the Products without any liability of Buyer to Seller. Seller shall reimburse Buyer for (a) any amounts paid by Buyer on account of the purchase price of any rejected nonconforming Products, and (b) any costs incurred by Buyer in connection with the nonconforming Products, including, but not limited to inspection, sorting, testing, evaluations, storage, removal, installation or rework (including, without limitation, for all parts, labor and transportation costs), within ten (10) days after a debit memo for the costs has been issued by Buyer. Payment by Buyer for nonconforming Products shall not constitute an acceptance, limit or impair Buyer's right to assert any legal or equitable remedy, or relieve Seller's responsibility for latent defects.

21. **Indemnification.** To the fullest extent permitted by applicable law, Seller hereby agrees to indemnify, defend and hold harmless Buyer, Buyer's affiliates, Buyer's Customers, and their respective successors, assigns, directors, officers, employees and agents, from and against any and all actions, claims, demands, judgments, recall campaigns or other customer satisfaction or corrective service actions, losses, costs, liabilities, damages, expenses and/or fees (including reasonable attorneys' fees), penalties and/or citations of whatsoever kind, character or description ("Claims") that are incurred by or asserted against Buyer and that are related in any way to or arise in any way from: (a) Seller's actual or alleged direct or contributory infringement of, or inducement to infringe, any United States or foreign patent, trademark, copyright, industrial design right, or other proprietary right, by reason of the manufacture, provision, use or sale of the Products, except for infringement arising solely out of compliance with specifications furnished by Buyer; (b) any defect or nonconformity or alleged defect or nonconformity in any Products provided by Seller under the Contract; (c) any failure by Seller to timely deliver any Products under the Contract in accordance with Buyer's shipping and delivery requirements; (d) any noncompliance or alleged noncompliance by Seller or its employees, agents or subcontractors with its representations, warranties or obligations under the Contract; (e) any negligence or fault or alleged negligence or fault of Seller in connection with the design, manufacture or provision of Products; or (f) any injury or death of any person or damage or loss of any property allegedly or actually resulting from or arising out of any act or omission of Seller or its employees, agents or subcontractors in connection with performing its obligations under the Contract, in each case unless such Claims have been specifically determined by the trier of fact to be solely the result of the gross negligence or willful misconduct of Buyer. Seller will defend any and all Claims which may be brought or threatened against Buyer for which those Claims are the responsibility of Seller and will pay on behalf of Buyer all expenses incurred by reason of such Claims including, but not limited to, court costs and actual attorneys' fees incurred in defending or investigating such Claims. The indemnification obligations of Seller under this Section are not in lieu of and shall not in any way impair or exclude Buyer's rights to be indemnified and held harmless by Seller under any other agreement, any statute, or the common law, and all such rights shall be cumulative.

22. **Insurance Requirements.** In addition to any specific insurance requirements as may be specified in the Contract, throughout the term of the Contract and the warranty period of any Products, Seller shall obtain and maintain, at its sole expense, insurance coverage as required by applicable law or as reasonably requested by Buyer (including, without limitation, full public

and employee liability, property damage, and workmen's compensation coverage) with such carriers, and in such amounts, as are reasonably acceptable to Buyer. Each policy of insurance shall name Buyer as an additional insured and contain endorsements stating that the policy is primary and not excess over or contributory with any other valid, applicable, or collectible insurance in force for Buyer and also provide a waiver of subrogation in favor of Buyer under all policies. Seller shall furnish to Buyer certificates of insurance setting forth the amount of coverage, policy number and date(s) of expiration for insurance maintained by Seller and such certificates of insurance shall provide at least sixty (60) days' prior written notice to Buyer of cancellation, material alteration or nonrenewal.

23. **Confidentiality.** In connection with the performance of Seller's obligations under the Contract, Seller may have access to information that is considered confidential by Buyer. This information may include, but is not limited to technical know-how, technical specifications, protocols, strategic business plans, results of testing, systems, financial information, product information, methods of operation, customer information, supplier information and compilations of data ("Confidential Information"). Seller shall use Buyer's Confidential Information only for the purposes of, and in performance of its obligations under, the Contract. Without limiting the scope of this duty, Seller agrees not to use any Confidential Information for its own benefit or for the benefit of anyone other than Buyer, and Seller agrees not to design, manufacture or provide any goods or services, other than the Products, which incorporate any Confidential Information. Seller shall maintain the confidentiality of Buyer's Confidential Information in the same manner in which it protects its own confidential information of like kind, but in no event shall Seller take less than reasonable precautions to prevent the unauthorized disclosure or use of Buyer's Confidential Information. Seller is permitted to disclose Buyer's Confidential Information to its employees and authorized subcontractors on a need to know basis only, provided that such employees and authorized subcontractors have written confidentiality obligations to Seller no less stringent than the confidentiality obligations under this Section. Seller shall be responsible for any breach of the Contract by any person or entity to whom it has disclosed Buyer's Confidential Information. All Confidential Information remains the property of Buyer, its affiliate or the applicable third party to whom such information belongs. Buyer, its affiliate or the applicable third party to whom such information belongs owns all right, title and interest, including any and all copyrights, patents, trade secrets, trademarks, trade dress and any and all moral rights in the Confidential Information. No license or other rights in the Confidential Information is granted under the Contract. Upon termination of the Contract, Seller shall return Buyer's Confidential Information and shall not use Buyer's Confidential Information for its own, or any third party's benefit. ALL INFORMATION PROVIDED BY BUYER TO SELLER IS PROVIDED "AS IS" AND WITHOUT ANY WARRANTY, EXPRESS, IMPLIED, OR OTHERWISE, REGARDING ITS ACCURACY OR PERFORMANCE. Seller shall comply with any information security standards of Buyer or its Customers. Seller's confidentiality obligations shall survive termination of the Contract for so long as the Confidential Information remains confidential. In order to assure that Buyer is able to obtain the full benefit of the restrictions set forth in this Section, Buyer shall be entitled to injunctive relief, including, but not limited to, emergency, preliminary, temporary and permanent injunctions, from any court of competent jurisdiction as may be necessary to enjoin any violation of the foregoing covenants, without the necessity of proving immediate irreparable harm or an inadequate remedy at law. No bond, indemnity or other security will be required to obtain such injunctive relief.

24. **Bailed Property.** All supplies, materials, molds, machinery, equipment, patterns, tools, dies, jigs, fixtures, blueprints, designs, specifications, drawings, photographic negatives and positives, art work, copy layout, consigned material for production or repair and other items furnished by Buyer, either directly or indirectly, to Seller or to any sub-supplier of Seller to perform the Contract, or for which Seller has been reimbursed by Buyer (collectively, "Bailed Property"), shall be and remain the property of Buyer and be held by Seller on a bailment-at-will basis. Seller shall bear the risk of loss of and damage to the Bailed Property and Seller at its

own expense shall keep such property insured for the benefit of Buyer. Seller shall be responsible for all personal property taxes and other charges or levies imposed on the Bailed Property while in Seller's possession and for compliance with all laws and regulations applicable to the Bailed Property while in Seller's possession. The Bailed Property shall at all times be properly housed and maintained by Seller; shall not be used by Seller for any purpose other than the performance of the Contract; shall be deemed to be personalty; shall be conspicuously marked by Seller to identify it as the property of Buyer and indicate Buyer's name; shall not be commingled with the property of Seller or with that of a third person; and shall not be moved from Seller's premises without prior written approval by an authorized representative of Buyer. Seller, at its expense, shall maintain, repair and refurbish the Bailed Property in first class condition. All replacement parts, additions, improvements and accessories for such Bailed Property automatically shall become Buyer's property upon their incorporation into or attachment to the Bailed Property. Seller agrees that Buyer has the right, at any time, with or without reason and without payment of any kind to retake possession of or request return of any or all Bailed Property, without the necessity of obtaining a court order. Upon the request of Buyer, Bailed Property shall be immediately released to Buyer or delivered to Buyer by Seller, either (a) F.O.B. transport equipment at Seller's plant, properly packed and marked in accordance with the requirements of the carrier selected by Buyer to transport such property, or (b) to any location designated by Buyer, in which event Buyer shall pay to Seller the reasonable cost of delivery of such property to such location. Seller shall keep a true record of all Bailed Property in its possession or control, shall give the representatives of Buyer access to such record on demand, shall provide Buyer, upon Buyer's request, with a written inventory of all Bailed Property, and shall permit representatives of Buyer to perform their own inventory of Bailed Property in Seller's possession or control. Seller acknowledges and agrees that it may not hold Bailed Property after Buyer requests its return for any reason, including, without limitation, any alleged breach by Buyer. Seller's failure to deliver any item of Bailed Property to Buyer (or its agent) at the end of the bailment, as directed by Buyer, will (1) be a breach of the Contract, and (2) subject Seller to liability for, among other things, conversion and responsibility for all costs and expenses, including actual attorneys' fees, incurred by Buyer to recover such Bailed Property. Seller acknowledges and agrees that (i) Seller has inspected the Bailed Property and is satisfied that the Bailed Property is suitable and fit for its purposes, and (ii) BUYER HAS NOT MADE AND DOES NOT MAKE ANY WARRANTY OR REPRESENTATION WHATSOEVER, EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS, CONDITION, MERCHANTABILITY, DESIGN OR OPERATION OF ANY BAILED PROPERTY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE. Buyer will not be liable to Seller for any loss, damage, injury or expense of any kind or nature caused, directly or indirectly, by any Bailed Property, including, without limitation, its use or maintenance, or its repair, service or adjustment, or by any interruption of service or for any loss of business whatsoever or howsoever caused, including, without limitation any anticipatory damages, loss of profits or any other indirect, special or consequential damages. Seller shall not take or permit any third party to take any security interest, lien or other interest in any Bailed Property. When permitted by law, Seller waives any lien or other rights that Seller might otherwise have on any Bailed Property for work performed on such property, for the purchase price of any Products or otherwise. All requests for reimbursement for tooling costs are subject to review, approval and audit by Buyer.

25. **Insolvency of Seller.** Upon written notice to Seller, Buyer may immediately terminate the Contract, without any liability to Seller, in the event of the happening of any of the following or any other comparable event: (a) the insolvency of Seller; (b) the filing of a voluntary petition in bankruptcy by Seller; (c) the filing of an involuntary petition in bankruptcy against Seller; (d) the appointment of a receiver or trustee for Seller; or (e) the execution of an assignment for the benefit of creditors of Seller.

26. **Termination for Breach.** Upon written notice to Seller, Buyer may immediately terminate all or any part of the Contract, without any liability to Seller, if Seller (a) repudiates, breaches, or threatens to breach any of the terms of the Contract, including Seller's warranties, (b) fails to perform or threatens not to deliver Products in accordance with the provisions of the Contract; or (c) fails to assure timely and proper completion or delivery of Products.

27. **Termination for Convenience.** In addition to any other rights of Buyer to terminate the Contract, Buyer may immediately terminate all or any part of the Contract, even if the Contract is, or is deemed to be, a requirements contract, at any time and for any reason, by notifying Seller in writing. Upon receipt of notice of termination pursuant to this Section, Seller, unless otherwise directed in writing by an authorized representative of Buyer, shall terminate immediately all work under the Contract. Upon such termination, Buyer may, at its option, purchase from Seller any or all raw materials, work-in-process and finished goods inventory related to the Products under the Contract that are useable and in a merchantable condition. The purchase price for such finished goods, raw materials and work-in-process, and Seller's sole and exclusive recovery from Buyer (without regard to the legal theory which is the basis for any claim by Seller) on account of such termination, will be (a) the contract price for all Products that have been completed in accordance with the Contract as of the termination date and delivered and accepted by Buyer and not previously paid for, plus (b) the actual costs of work in process and raw materials incurred by Seller in furnishing the Products under the Contract to the extent such costs are reasonable in amount and are properly allocable or apportionable under generally accepted accounting principles to the terminated portion of the Contract, less (c) the reasonable value or cost (whichever is higher) of any goods or materials used or sold by Seller with written consent by an authorized representative of Buyer. In no event will Buyer be required to pay for finished goods, work-in-process or raw materials that Seller fabricates or procures in amounts that exceed those Buyer authorizes in firm delivery releases nor will Buyer be required to pay for any goods or materials that are in Seller's standard stock or that are readily marketable. Additionally, Buyer shall not be liable for and shall not be required to make payments to Seller, directly or on account of claims by Seller's subcontractors, for any other alleged losses or costs, whether denominated as loss of anticipated profit, unabsorbed overhead, interest on claims, product development and engineering costs, facilities and equipment rearrangement costs or rental, unamortized depreciation costs, general and administrative burden charges resulting from termination of the Contract, or otherwise. Payments made under this Section will not exceed the aggregate price for finished goods that would be produced by Seller under Buyer's firm delivery or release schedules outstanding at the date of termination. Within sixty (60) days after the effective date of termination under this Section, Seller shall submit a comprehensive termination claim to Buyer, with sufficient supporting data to permit an audit by Buyer, and will thereafter promptly furnish any supplemental and supporting information Buyer requests.

28. **Transition Support:** Upon the expiration or earlier termination of all or any portion of the Contract for whatever reason, Seller agrees to promptly comply with all of its obligations under the Contract and to take such further action as may be reasonably required by Buyer, including, without limitation, provision, at Buyer's request, of a sufficient bank of Products in addition to the firm quantities specified in Buyer's outstanding delivery schedules, to ensure that the transition of supply from Seller to any alternate seller chosen by Buyer will proceed smoothly.

29. **Force Majeure.** Neither party shall be liable to the other party for any delay in a scheduled delivery or a failure in performance if, and only to the extent that, the party is unable to perform specifically due to an event or occurrence beyond the reasonable control of the party and without its fault or negligence, such as flood, war, embargo, riot, or the intervention of any government authority. Should Seller be delayed in the prosecution or completion of the work by the occurrence of one of the foregoing events or by damage caused by fire or other casualty for

which Seller is not responsible, and in no way caused by, or resulting from, default or collusion on the part of Seller, then the time herein fixed for the completion of the work shall be extended the number of days that Seller has been thus delayed, but no allowance or extension shall be made unless a claim therefor is presented in writing to Buyer within forty-eight (48) hours of the onset of such delay. If Seller is unable to perform for any reason, Buyer, at its option, may purchase Products from other sources and reduce its purchases from Seller accordingly, without liability to Seller, or have Seller provide Products from other sources in quantities and at times requested by Buyer and at the price set forth in the Contract. Before any of Seller's labor contracts expire and as soon as Seller anticipates or learns of any impending strike, labor dispute, work stoppage or other disruption at Seller's facilities that might affect the delivery of Products to Buyer, Seller will produce (and locate in an area that will not be affected by any such disruption) a finished inventory of Products in quantities sufficient to ensure the supply of Products to Buyer for at least thirty (30) days after such disruption commences. Within three (3) business days after written request by Buyer, Seller shall provide adequate assurances that Seller's non-performance will not exceed thirty (30) days. If Seller does not provide those assurances, or if Seller's non-performance exceeds thirty (30) days, Buyer may terminate the Contract without liability to Seller.

30. **Netting, Setoff and Recoupment.** All amounts due from Buyer or Buyer's affiliates to Seller or Seller's affiliates shall be net of any indebtedness or other obligations of Seller or Seller's affiliates to Buyer or Buyer's affiliates. Buyer or any of Buyer's affiliates may, without notice to Seller or any of Seller's affiliates, set-off against or recoup from any amounts due or to become due from Seller or Seller's affiliates to Buyer or Buyer's affiliates, however and whenever arising. In the event that Buyer or any of Buyer's affiliates reasonably feels itself at risk as to any amount owed by Seller or Seller's affiliates, Buyer or Buyer's affiliates may withhold and recoup a corresponding amount due Seller or Seller's affiliates to protect against such risk. In addition to any rights otherwise provided or allowed by law or the Contract, Buyer or any of Buyer's affiliates may retain or defer payment of all or any portion of the amount due from Buyer or Buyer's affiliates (even if such amount is not disputed, contingent or unliquidated and is otherwise due) to the extent of any obligation of Seller or Seller's affiliates to Buyer or Buyer's affiliates, even if such obligation is disputed, contingent or unliquidated, until such obligation is resolved. Without limiting the generality of the foregoing, and by way of example only, in the event Seller or any of Seller's affiliates is subject to insolvency, bankruptcy, receivership, liquidation or other similar proceedings, Buyer or any of Buyer's affiliates may defer payments due to Seller or any of Seller's affiliates, via an administrative hold or otherwise, against potential damages arising from rejection or otherwise. Seller unconditionally guarantees payment when due of all existing and future obligations of any of its affiliates to Buyer or any of Buyer's affiliates, provided however, that the amount guaranteed by Seller shall not exceed the amount owed by Buyer to Seller under the Contract from time to time and at any given time.

31. **Permits and Licenses.** Seller shall promptly apply for and procure without additional compensation all permits, certificates and licenses required by governmental authorities having jurisdiction over the Products, Seller or the location of the Products prior to providing such Products. Proof of such permits, certificates, or licenses shall be submitted to Buyer. This requirement is also applicable to all subcontractors of Seller.

32. **Inspection and Audit Rights.** Seller agrees to retain all books, records, certifications, reports and other documents and data related to the Contract, Seller's performance under the Contract and all Products under the Contract for a period equal to the longer of (a) the life of the applicable Product, and (b) three (3) years after receiving final payment from Buyer under the Contract. Seller shall make all such items available for inspection by Buyer and, when requested by Buyer, furnish Buyer with copies of any such documents or data. Buyer shall have the right to inspect and audit Seller's books, records, operations and facilities, including Seller's quality system, to insure Seller's compliance with the terms of the Contract. Seller shall

maintain all records necessary to support amounts charged to Buyer under the Contract. Buyer and its representatives may audit Seller's records of transactions to the extent needed to verify the quantities shipped and that the prices charged match the Contract prices. Seller shall provide Buyer and its Customer with reasonable access to its facilities and otherwise cooperate and facilitate any such inspections and/or audits by Buyer. Notwithstanding the foregoing, no inspection or failure to inspect by Buyer shall alter Seller's obligations under the Contract. Seller will ensure that any sub-supplier of Seller with respect to the Products will comply with all of the requirements under this Section.

33. **Continued Performance During Dispute.** During the period that any matter governed by the Contract is in dispute and during all phases of any dispute resolution process, Seller shall continue to perform its obligations under the Contract to ensure that Buyer's and its Customer's production or operations are not interrupted.

34. **Independent Contract.** 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.

35. **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 prior written consent from an authorized representative of Buyer, except as may be required to perform the Contract or as required by law.

36. **Remedies:** The rights and remedies reserved to Buyer in the Contract shall be cumulative and in addition to all other or further remedies provided at law or in equity. Without limiting the generality of the foregoing, Seller acknowledges and agrees that money damages would not be a sufficient remedy for any actual, anticipatory or threatened breach of the Contract by Seller with respect to its delivery of Products to Buyer and that, in addition to all other rights and remedies that Buyer may have, Buyer shall be entitled to specific performance and temporary, preliminary and permanent injunctive or other equitable relief as a remedy for any such breach, without proof of actual damages and without bond or other security being required.

37. **Assignment.** Seller may not assign or delegate any of its rights or obligations under the Contract without prior written consent from an authorized representative of Buyer. In addition, Buyer may terminate the Contract upon giving at least thirty (30) days written notice to Seller, without any liability to Seller, if Seller or a parent company of Seller (a) sells, or offers to sell, a material portion of its assets, or (b) sells or exchanges, or offers to sell or exchange, or causes to be sold or exchanged, or otherwise experiences a sale or exchange of a sufficient amount of its stock or other equity interests that effects a change in the control of Seller or such parent company of Seller, or (c) executes, or otherwise becomes subject to, a voting or other agreement or trust that effects a change in the control of Seller or such parent company of Seller. Buyer may assign its rights and obligations under the Contract at any time, without Seller's prior written consent.

38. **Subcontractors.** Seller shall not subcontract any of its duties under the Contract without prior written consent from an authorized representative of Buyer. If Buyer consents to Seller's subcontracting of any of Seller's duties under the Contract, Seller will ensure that the subcontractor agrees to be bound by all of the terms and conditions of the Contract.

39. **Electronic Communication.** Seller will comply with any method of electronic communication specified by Buyer, including requirements for electronic funds transfer, purchase order transmission, electronic signature, and communication.

40. **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.

41. **Entire Agreement.** The Contract constitutes the entire agreement between the parties with respect to its subject matter, and supersedes all prior oral or written representations or agreements by the parties with respect to the subject matter of the Contract, including Buyer's request for quotation and Seller's quotation unless specifically incorporated in the Contract. Except as otherwise expressly provided in the Contract, no subsequent terms, conditions, understandings or agreements purporting to modify the terms of the Contract will be binding unless in writing and signed by authorized representatives of both parties.

42. **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.

43. **Notices.** All notices or other communications under the Contract shall be sufficiently given for all purposes under the Contract if in writing and delivered personally, sent by documented overnight delivery service or, to the extent receipt is confirmed, by facsimile or other electronic transmission service.

44. **Governing Law; Jurisdiction.** The Contract shall be governed by and construed in accordance with the laws of the State of Alabama without reference to the choice of law principles thereof. Application of the 1980 United Nations Convention on Contracts for the International Sale of Goods is expressly excluded. At Buyer's option, Seller agrees to litigate all claims and actions arising under or otherwise concerning the Contract in either the Circuit Court of Tuscaloosa County, Alabama or the Federal District Court for the Northern District of Alabama, and hereby agrees not to contest personal jurisdiction of any such Alabama court. Buyer, at its option, may also invoke non-binding mediation and Seller agrees to submit to such mediation and to dismiss any legal proceedings relating to the subject matter thereof. SELLER HEREBY WAIVES ANY RIGHT SELLER MAY HAVE TO A JURY TRIAL ARISING FROM ANY DISPUTES RELATED IN ANY WAY TO THE CONTRACT.

45. **Survival:** The obligations of Seller to Buyer under the Contract shall survive expiration or termination of the Contract, except as otherwise expressly stated in the Contract.

Effective 1<sup>st</sup> January 2016