

Terms and Conditions for Capital Equipment Purchases by the NAFTA-Based Companies of the MAHLE Group

These Terms apply when referenced by Buyer's purchase order or other documentation.

1. Offer; Acceptance; Exclusive Terms; Identity of Buyer; Country Supplement

Each purchase order issued by Buyer ("Order") is an offer to Seller for the purchase of goods and/or services ("Supplies") and includes and is governed by these Terms and Conditions for Capital Equipment Purchases (collectively, "Terms"). Any revised purchase order, once accepted by Seller as provided below, will be governed by the Terms (as may be revised from time to time) that are posted on MAHLE's website as of the date of acceptance. The Order supersedes all prior agreements, orders, quotations, proposals and other communications regarding the goods and/or services covered by the Order, except that a signed prior agreement and all specifications, prints, drawings, statement of work issued by the Buyer, together with any other document incorporated by reference in these Terms or in the Order will continue to apply to the extent not directly in conflict with the Order. Any other modification of these Terms must be expressly stated in the Order. The Order does not constitute an acceptance of any offer or proposal made by Seller. Any reference in the Order to any offer or proposal made by Seller is solely to incorporate the description or specifications of Supplies in the prior proposal, but only to the extent that the description or specifications do not conflict with the description and specifications in the Order. Inquiries from Buyer to Seller concerning the Supplies or requests from Buyer to make an offer shall in no way be binding on Buyer. Seller accepts these Terms and forms a contract by doing any of the following: (a) commencing any work under the Order; (b) accepting the Order in writing; (c) shipment of goods and materials; or (d) any other conduct that recognizes the existence of a contract with respect to the subject matter of the Order.

If an Order is not unconditionally accepted by the Seller in writing within seven days of its issuance, it will lapse unless otherwise agreed to by Buyer. The Order is limited to and conditional upon Seller's acceptance of these Terms exclusively. Any additional or different terms proposed by Seller, whether in Seller's quotation, acknowledgement, invoice or otherwise, are unacceptable to Buyer, are expressly rejected by Buyer, and will not become part of the Order. Each Order can be modified only under Section 37. "Buyer" is the subsidiary or affiliate of MAHLE Inc. identified in the Order; if no such entity is identified, the Buyer is MAHLE Inc. In no event is Buyer required to purchase Supplies exclusively from Seller.

2. Delivery; Risk of Loss

Time and quantities are of the essence under the Order. Seller agrees to 100% on-time delivery of the quantities and at the times specified by Buyer, as stated in the Order,

except as otherwise agreed in writing by the parties. Buyer may change the rate of scheduled shipments or direct temporary suspension of scheduled shipments, neither of which entitles Seller to modify the price for Supplies. Buyer is not obligated to accept early deliveries, late deliveries, partial deliveries or excess deliveries. Regardless of shipping terms, all risk of loss passes from Seller to Buyer upon delivery to Buyer's transportation carrier (or if shipment is by Seller or common carrier, then upon delivery to Buyer's designated facility).

3. Invoicing and Pricing; Premium Freight

Except as expressly stated in the Order under the heading "Freight," the price of Supplies includes storage, handling, packaging and all other expenses and charges of Seller. Seller warrants that the prices for items set forth in this Order are no less favorable than Seller currently offers to any other customer for the same or similar items and quantities. If Seller reduces its prices to any other customer for the same or similar items or quantities, Seller will correspondingly reduce the prices for the times set forth in this Order. The prices on the Order are firm and there will be no extra charges of any kind including, without limitation as a result of any increase based upon changes in raw materials, component pricing or labor and/or overhead costs. If the prices set forth on the Order are specified as "Fixed", such prices shall remain in effect for the duration of the Order and may be modified only upon written consent of Buyer. Incoterms 2000 will apply to all shipments except those entirely within the USA. Except as otherwise stated in the Order, Supplies will be shipped FCA (loaded) Origin – Freight Collect, and Seller shall not prepay or add freight charges. All invoices for the Supplies must reference the Order number, amendment or release number, Buyer's part number, Seller's part number where applicable, quantity of pieces in the shipment, number of cartons or containers in the shipment, bill of lading number, and other information required by Buyer. Buyer will pay proper invoices complying with all of the terms of the Order. The total price also includes all duties and taxes except for any governmentally imposed value added tax (VAT), which must be shown separately on Seller's invoice for each shipment. Buyer is not responsible for any business activity taxes, payroll taxes or taxes on Seller's income or assets. Seller will pay all premium freight costs over normal freight costs if Seller needs to use an expedited shipping method to meet agreed delivery dates due to its own acts or omissions. Seller will pay any costs incurred by Buyer, including costs charged by Buyer's customer(s) to Buyer, as a result of Seller's failure to comply with shipping or delivery requirements.

4. Packaging; Marking; Shipping; Disclosure; Special Warnings or Instructions

Seller will: (a) properly pack, mark, and ship Supplies according to the requirements of Buyer, the involved carriers and the country of destination; (b) route the shipments according to Buyer's instructions; (c) label or tag each package according to Buyer's instructions; (d) provide papers with each shipment showing the Order number, amendment or release number, Buyer's part number, Seller's part number (where applicable), number of pieces in the shipment, number of containers in the shipment, Seller's name and number, and the bill of lading number; and (e) promptly forward the original bill of lading or other shipment receipt for each shipment according to Buyer's instructions and carrier requirements. Before and at the time Supplies are shipped, Seller will give Buyer sufficient warning in writing (including appropriate labels on all Supplies, containers, and packing, including without limitation disposal and recycling instructions, material safety data sheets and certificates of analysis) of any hazardous or restricted material that is an ingredient or part of the Supplies, together with any special handling instructions that are needed to advise carriers, Buyer, and their employees how to take appropriate measures while handling, transporting, processing, using or disposing of the Supplies, containers, and packing. Seller agrees to comply with all national state, provincial, and local laws and regulations pertaining to product content and warning labels, including without limitation the U.S. Toxic Substances Control Act and European Union Directive 2002/96/EC and 2002/95/EC regarding restrictions of certain hazardous substances. Seller will reimburse Buyer for any expenses incurred as a result of improper packing, marking, or shipping.

5. Customs; Related Matters

Credits or benefits resulting from the Order, including trade credits, export credits or the refund of duties, taxes, or fees, belong to Buyer. Seller will provide all information and certificates (including NAFTA Certificates of Origin) necessary to permit Buyer (or Buyer's customers) to receive these benefits or credits. Seller agrees to fulfill any customs- or NAFTA-related obligations, origin marking or labeling requirements, and local content origin requirements. Export licenses or authorizations necessary for the export of Supplies are Seller's responsibility unless otherwise stated in the Order, in which case Seller will provide the information necessary to enable Buyer to obtain the licenses or authorizations. Seller will promptly notify Buyer in writing of any material or components used by Seller in filling the Order that Seller purchases in a country other than the country in which the Supplies are delivered. Seller will

furnish any documentation and information necessary to establish the country of origin or to comply with the applicable country's rules of origin requirements. Seller will promptly advise Buyer of any material or components imported into the country of origin and any duty included in the Supplies' purchase price. If Supplies are manufactured in a country other than the country in which Supplies are delivered, Seller will mark Supplies "Made in [country of origin]." Seller will provide to Buyer and the appropriate governmental agency the documentation necessary to determine the admissibility and the effect of entry of Supplies into the country in which Supplies are delivered. Seller warrants that any information that is supplied to Buyer about the import or export of Supplies is true and that all sales covered by the Order will be made at not less than fair value under the antidumping laws of the countries to which the Supplies are exported.

6. Service and Replacement Parts

Seller shall make available to Buyer for purchase repair and replacement parts and service tools for each component of the goods for fifteen years after acceptance of the goods by Buyer for parts manufactured in-house and ten years for parts purchased by Seller from a third party, or such longer period as is set forth in the Order. The price payable by Buyer under this paragraph for any such part or tool shall not exceed the lowest delivered price for that part or tool offered or charged by Seller to any customer at any time during the six-month period immediately preceding the calculation of the price hereunder or as defined in Buyer's specifications. Such lowest delivered price shall be determined after application of any type of price discount, credit, allowance, rebate, promotion or other financial consideration offered by Seller.

7. Inspection Non-Conforming Goods/Services; Audit

Buyer shall have no obligation to inspect Supplies or materials during manufacture, prior to delivery or after deliver, but may do so at its sole discretion. Buyer may enter Seller's facility to inspect the facility, Supplies, materials, and any of Buyer's property related to the Order. Buyer's inspection of Supplies whether during manufacture, prior to delivery, or within a reasonable time after delivery, does not constitute acceptance of any work-in-process or finished goods. Buyer's acceptance, inspection, or failure to inspect does not relieve Seller of any of its responsibilities or warranties. Nothing in the Order releases Seller from the obligation of testing, inspection and quality control. Notwithstanding prior inspections, the Supplies are subject to inspection, evaluation and testing at the facility designated by Buyer, and notwithstanding any payment that may be made, the Supplies shall not be deemed accepted until (a) such in-facility inspection, evaluation and testing demonstrate to Buyer's satisfaction that the Supplies conform to all applicable terms of the Order, including through the production of a reasonable number of sample parts, and (b) Seller receives a signed writing from Buyer's authorized representative that acknowledges compliance of the Supplies with all applicable

terms of the Order. If defective Supplies are shipped to and rejected by Buyer, the quantities under the Order will be reduced unless Buyer otherwise notifies Seller. Seller will not replace reduced quantities without a new Order from Buyer. In addition to other remedies available to Buyer: (i) Seller agrees to accept return, at Seller's risk and expense at full invoice price, plus transportation charges, and to replace defective Supplies as Buyer deems necessary; (ii) Buyer may have corrected at any time prior to shipment from Buyer's plant Supplies that fail to meet the requirements of the Order; and/or (iii) Seller will reimburse Buyer for all reasonable expenses that result from any rejection or correction of defective Supplies. Seller will document corrective actions within a commercially reasonable period after receipt of a defective sample and will take whatever measures necessary to correct the defect. Payment for nonconforming Supplies is not an acceptance, does not limit or impair Buyer's right to assert any legal or equitable remedy, and does not relieve Seller's responsibility for latent defects. Upon reasonable notice to Seller, either Buyer or its direct or indirect customers may conduct a routine audit at Seller's production facility for the purpose of quality, cost or delivery verification. Seller will ensure that the terms of its contracts with its subcontractors provide Buyer and its customers with all of the rights specified in this Section. Seller grants to Buyer access to all pertinent information of Seller and/or Seller's subcontractors for purposes of auditing Seller's and/or subcontractors charges under this Order and will maintain and preserve this information in IMDS Database for one year after the final payment under this Order. Seller must enter all material data in the IMDS material database (International Material Data System, www.mdssystem.com); the approved and accepted IMDS entry for all relevant material data is a component and precondition of each successful initial sample approval.

8. Payment

Unless different payment terms are stated in the Order, Buyer will pay proper invoices on the basis of net 45. Invoices must be issued only as approved, as provided in the Order. Buyer may withhold payment pending receipt of evidence in the form and detail requested by Buyer, of the absence of any liens, encumbrances, or claims on Supplies provided under the Order. Payment will be made in the currency expressly stated in the Order; if no such currency is noted, payment will be made in U.S. Dollars. Payment shall be effected by MAHLE by means of a bank transfer. Payment will be made on or before the due date unless otherwise expressly agreed by Buyer.

9. Changes

Buyer reserves the right to direct changes, or to cause Seller to make changes, to drawings, specifications, samples or descriptions of Supplies. Buyer also reserves the right to otherwise change the scope of the work covered by the Order, including work with respect to such matters as inspection, testing or quality control. Buyer may also direct the

supply of purchased components from itself or from third parties. Seller will promptly make any such requested change. In order for Seller to request a reasonable difference in price or time for performance as a result of such a change, Seller must notify Buyer of its request in writing within twenty days after receiving notice of the change. Buyer can request additional documentation from Seller relating to any change in specifications, price or time for performance. Seller will not make any change in the Supplies' design, specifications, processing, packing, marking, shipping, price or date or place of delivery except at Buyer's written instruction or with Buyer's written approval.

10. Warranties

Seller expressly warrants and guarantees to Buyer to Buyer's successors, assigns and customers, that all Supplies delivered to Buyer will: (a) conform to the specifications, standards, drawings, samples, descriptions and revisions as furnished to or by Buyer and will be safe for use in conformance with such specifications and shall be sufficiently durable to support the manufacture of all production and service requirements for the longer of (i) three years from the date the Supplies are installed and accepted by Buyer; or (ii) through the production lifetime of the relevant part and also permit the production of Buyer's subsequent service-only requirements; (b) conform to all applicable laws, orders, regulations; (c) be merchantable and free of defects in design (to the extent designed by Seller), manufacture, materials and workmanship; (d) be selected, designed (to the extent designed by Seller), manufactured and assembled by Seller based upon Buyer's stated use and be fit and sufficient for the purposes intended by Buyer; (e) will be performed and delivered in accordance with the highest prevailing industry standards for the type of produce or service provided; (f) will be free and clear of any third-party liens or encumbrances; (g) will include all applicable manuals; (h) will be provided only by qualified and licensed personnel; (i) unless requested or approved by Buyer in writing, not incorporate or consist of commercial surplus, used, remanufactured or reconditioned material or components. Buyer's approval of any design, drawing, material, process, specifications or Supplies will not relieve Seller of these warranties. The foregoing warranties will survive delivery, inspection and payment. In the event any of the Supplies shall be unsatisfactory, defective or inferior in quality, or shall not conform to Buyer's specifications or any other requirements set forth in the Order (including without limitation, Seller's warranties), Buyer at its option and in addition to any other rights and remedies to which it is entitled under the Order, applicable law or otherwise, may (A) require Seller, at Seller's sole cost and expense, to promptly repair or replace the goods or to promptly re-perform the services properly, (B) retain the goods at an adjusted price, (C) hold the goods at Seller's risk and expense pending Seller's specific instructions, (D) return the goods to Seller at Seller's risk and expense for replacement, credit or full or partial refund, as

Buyer shall direct. Buyer may also, in its discretion, refuse to accept further delivery of goods or performance of services, in whole or in part, under the Order. Seller shall reimburse Buyer for all of its costs and expenses relating to the installation, removal, storage, handling, packing and/or transporting of any such unsatisfactory, defective, inferior or otherwise nonconforming goods, and Seller shall assume all risk of loss or damage in transit to goods returned by Buyer. Notwithstanding the foregoing, Buyer reserves the right to repair the goods or re-perform the services without voiding any of Seller's warranties or other obligations under the Order. Seller shall reimburse Buyer for all costs and expenses relating to any such repair or re-performance.

11. Preventative Maintenance

Seller will provide Buyer with a complete and comprehensive preventative maintenance plan for Supplies prior to final acceptance at the facility designated by Buyer. The preventative maintenance plan shall include, without limitation, at least two complete sets of maintenance and operating manuals for all Supplies purchased by Buyer (including one in a foreign language, if required by Buyer), as well as a detailed bill of material. Seller will provide to Buyer upon request a complete copy of (a) the source codes for any software incorporated in the Supplies purchased by Buyer from Seller along with any additional information reasonably necessary so that a trained programmer of general proficiency may maintain and support any such software and (b) a running object code version of such software.

12. Training

Seller will provide any and all necessary training and training materials to Buyer for the Supplies at the initial stage of installation, at no additional cost to Buyer, at Buyer's facility (unless another location is designated on the Order or in the specifications provided by Buyer). Seller will provide such training in the amount and on such schedule as may be reasonably required by Buyer. Seller will provide the training materials in a computerized format, if possible. Where Seller obtains the Supplies or a portion of the Supplies from a third party for resale to Buyer, Seller shall cause such third party to provide the training contemplated in this Section.

13. Supplier Quality and Development Required Programs

Seller will conform to the quality control standards and inspection system, as well as related standards and systems (including without limitation, quality control policies, ISO 9001:2000 and ISO/TS 16949:2002), that are established or directed by Buyer. Seller will also participate in supplier quality and development programs of Buyer as directed by Buyer. As requested by Buyer at any time Seller will participate in and comply with the following Buyer programs and standards: (a) all Supplier Standards Manuals as provided by Buyer (including all subsections and forms),

(b) supplier performance evaluations, (c) minority business expectations, as described and accessible on the MAHLE Inc. website at <http://www.mahle.com>. In the event of any discrepancy between any part of the above programs or standards and an express provision of these Terms, these Terms will control.

14. Remedies

The rights and remedies reserved to Buyer in the Order will be cumulative with and in addition to all other or legal or equitable remedies. Buyer's damages shall include reasonable professional fees incurred by Buyer and any incidental and consequential damages suffered by Buyer.

15. Compliance with Laws; Ethics

Seller and any Supplies supplied by Seller, shall comply with all applicable laws, including but not limited to United States Treaties, international standards, international conventions, national, regional, provincial, and local laws, regulations, orders, conventions, ordinances and standards that relate to the manufacture, labeling, import, export, licensing, approval or certification of Supplies, including laws relating to transportation of hazardous materials, communications and registrations regarding hazardous substances (MSDS sheets, European Regulation (EC) 1907/2006 on the Registration of Chemicals), environmental matters, child labor, forced labor, freedom of association, harassment, discrimination, health, safety, wages, benefits, hours, working conditions, subcontractor selection and motor vehicle safety. The Order incorporates by reference and requires compliance with all requirements of such laws and the Global Working Conditions Guidance Statements of the AIAG (the "Guidance Statements"). Seller shall adopt and comply with the Guidance Statements and include in its terms and conditions of purchase that all lower tier suppliers in its supply chain will adopt and comply with the Guidance Statements in the same manner as required herein. All materials used by Seller in the Supplies or in their manufacture will satisfy current governmental and safety constraints on restricted, toxic and hazardous materials as well as environmental, electrical, and electromagnetic considerations that apply to the countries of manufacture, sale, transportation through or destination.

16. Indemnification

To the fullest extent permitted by law, Seller will defend, indemnify and hold harmless Buyer, Buyer's customers (both direct and indirect, including manufacturers of vehicles parts which were produced or designed using Supplies), directors, officers, employees, agents, insurers, and dealers and users of the products sold by Buyer (or the vehicles in which they are incorporated) and all of their respective agents, successors and assigns (the "Indemnified Parties"), against all damages, losses, claims, liabilities and expenses (including reasonable attorneys' and other professional fees, settlements and judgments) arising out of or resulting from: (a)

any defective Supplies, (b) any actual or alleged breach of or failure by Seller to comply with any representation, warranty, covenant or other term and condition in any Order (including any part of these Terms), (c) any negligent or wrongful act or omission of Seller or Seller's agents, employees or subcontractors or any services performed by Seller, its agents, employees or subcontractors.

If Seller performs any work on Buyer's or Buyer's customer's premises or utilizes the property of Buyer or Buyer's customer, whether on or off Buyer's or Buyer's customer's premises: (i) Seller will examine the premises to determine whether they are safe for the requested services and will advise Buyer promptly of any situation it deems to be unsafe, (ii) Seller's employees, contractors, and agents will comply with all regulations that apply to the premises and may be removed from Buyer's premises at Buyer's discretion; (iii) Seller's employees, contractors, and agents will not possess, use, sell, transfer or be under the influence of alcohol or unauthorized, illegal, or controlled drugs or substances on the premises. To the fullest extent permitted by law, Seller agrees to defend, indemnify and hold the Indemnified Parties harmless from and against any liability, loss, damages, costs and expenses (including attorneys fees), claims, suits, and demands for any loss, property damage, bodily injury, including death, or personal injury sustained by Buyer, its employees, agents or customers or by Seller, its employees or agents, or by any other party arising out of Seller's performance under this Order. In the event that a claim is made by an employee of Seller against Buyer, Seller shall indemnify Buyer against any resulting loss or liability to the same extent as if the claim was made by a non-employee of Seller and Seller waives without reservation any defense or immunity it may have under any applicable workers compensation law or other statute, judicial decision or constitution in any jurisdiction disallowing or limiting such indemnification.

17. Insurance

Seller will maintain the insurance coverage listed below or in additional amounts as may be reasonably requested by Buyer, in each case naming Buyer and its affiliates and customers as "additional insured" as requested by Buyer. Seller will furnish to Buyer a certificate showing compliance with this requirement or certified copies of all insurance policies within 10 days of Buyer's written request. Seller will provide Buyer (and, if applicable, Buyer's customers) 30 days prior written notice of any termination or reduction in the amount or scope of coverage. The existence of insurance does not release Seller of its obligations or liabilities under the Order. Minimum coverage shall be as follows (see the chart on the following page):

COVERAGE	LIMITS OF LIABILITY
Workers compensation	Statutory
Employer's liability	US \$ 100,000 / each accident, disease policy limit, disease each employee
Comprehensive general liability insurance, including Contractual liability coverage	US \$ 2,000,000 / each occurrence general aggregate, products & completed operations aggregate (including an endorsement for coverage for recall costs)
Umbrella or Excess Liability insurance, which shall include Commercial General Liability	US \$5,000,000 /each occurrence and annual aggregate
Comprehensive automobile liability insurance	US \$ 1,000,000 / each occurrence, combined single limit

18. Insolvency

The Order may be terminated immediately by Buyer without liability to Seller if any of the following or comparable events occur, and Seller will reimburse Buyer for all costs incurred by Buyer in connection with any of the following, including without limitation attorneys' and other professional fees: (a) Seller becomes insolvent; (b) Seller files a voluntary petition in bankruptcy; (c) an involuntary petition in bankruptcy is filed against Seller; (d) a receiver or trustee is appointed for Seller; (e) Seller needs accommodations from Buyer, financial or otherwise, in order to meet its obligations under the Order; or (f) Seller executes an assignment for the benefit of creditors. Buyer, or a third party designated by Buyer, may at any time review the financial health of the Seller and its affiliates and to determine if Seller is paying its lower tier suppliers. Seller will fully cooperate with such review and will promptly provide copies of or access to the requested documents including, without limitation, financial records, forecasts, business plans, banking contacts and loan documents. Buyer will use the financial information provided under this section only to determine Seller's ability to perform under the Order.

19. Termination for Breach or Nonperformance

Without limiting any other provision of the Order or Buyer's rights under applicable law, Buyer may terminate all or any part of the Order, without liability to Seller, if Seller: (a) repudiates or breaches any of the terms of the Order; (b) fails or threatens not to deliver Supplies or perform services in connection with the Order; or (c) enters or offers to enter into a transaction that includes a sale of a substantial portion of its assets used for the production of Supplies for Buyer or a merger, sale or exchange of stock or other equity interests that would result in a change in control of Seller within the meaning of Section 409A of the Internal Revenue Code and regulations issued thereunder. Seller will notify Buyer within ten days after entering into any negotiations (or the first period in which such negotiations can be made public consistent with applicable law) that could lead to the situation specified in subsection (d) above, provided that upon Seller's request, Buyer will enter into an appropriate nondisclosure

agreement related to information disclosed to Buyer in relation to such transaction.

20. Termination

In addition to any other rights of Buyer to cancel or terminate the Order, Buyer may at its option immediately terminate all or any part of the Order at any time and for any reason by giving written notice to Seller. The Buyer may also terminate the Order, without notice, upon the institution by or against either party of insolvency, receivership, or bankruptcy proceedings or any other proceedings for the settlement of either party's debts, or upon either party's dissolution or ceasing to do business. Upon receipt of notice of termination, and unless otherwise directed by Buyer, Seller will: (a) promptly terminate all work under the Order; (b) transfer title and deliver to Buyer the finished Supplies, the work in process, and the parts and materials that Seller reasonably produced or acquired according to quantities ordered by Buyer and that Seller cannot use in producing goods for itself or for others; (c) verify and settle any claims by subcontractors for actual costs incurred directly as a result of the termination and ensure the recovery of materials in subcontractors' possession; (d) take actions reasonably necessary to protect property in Seller's possession in which Buyer has an interest until disposal instruction from Buyer has been received; and (e) upon Buyer's reasonable request, cooperate with Buyer in transferring the production of Supplies to a different supplier. Upon termination by Buyer under this Section, Buyer will be obligated to pay only the following: (i) the Order price for all finished Supplies in the quantities ordered by Buyer that conform to the Order; (ii) Seller's reasonable actual cost of work-in-process and the parts and materials transferred to Buyer under part (b) above; (iii) Seller's reasonable actual costs of settling claims regarding its obligations to its subcontractors to the extent directly caused by the termination; and (iv) Seller's reasonable actual cost of carrying out its obligation under subsection (d). Notwithstanding anything other provision, Buyer will have no obligation for and will not be required to pay Seller, directly or on account of claims by Seller's subcontractors, for loss of anticipated profit, unabsorbed overhead, interest on claims, product development and engineering costs, tooling, facilities and equipment rearrangement costs or rental,

unamortized capital or depreciation costs, finished goods, work-in-process or raw materials that Seller fabricates or procures, or general administrative burden charges from termination of the Order, except as otherwise expressly agreed in a separate Order issued by Buyer. Buyer's obligation upon termination under this Section will not exceed the obligation Buyer would have had to Seller in the absence of termination. Seller will furnish to Buyer, within one month after the date of termination (or such shorter period as may be required by Buyer's customer), its termination claim, which will consist exclusively of the items of Buyer's obligation to Seller that are expressly permitted by this Section. Buyer may audit Seller's records before or after payment to verify amounts requested in Seller's termination claim. Buyer will have no obligation for payment to Seller under this Section if Buyer terminates the Order or portion thereof because of a default or breach by Seller.

21. Transition of Supply

In connection with termination or cancellation of the Order by either party for any reason whatsoever, including Buyer's decision to change to an alternate source of supply for the Supplies or Seller's rejection of any Order issued by Buyer, Seller will fully cooperate in the transition of supply to a new supplier. Seller will continue production and delivery of all Supplies as released by Buyer, at the prices and other terms stated in the Order, without premium or other condition, during the entire period reasonably needed by Buyer to complete the transition to the alternate supplier, such that Seller's action or inaction causes no interruption in Buyer's ability to obtain Supplies as needed. If the transition occurs for reasons other than Seller's termination or breach, Buyer will, at the end of the transition period, pay the reasonable, actual cost of transition support as requested and incurred, provided that Seller has advised Buyer prior to incurring such amounts of its estimates of such costs.

22. Force Majeure

Any delay or failure of either party to perform its obligations will be excused if and to the extent that it is caused by an event or occurrence beyond the reasonable control of the party and without its fault or negligence such as: acts of God; restrictions, prohibitions, priorities or allocations imposed or actions taken by a governmental authority; embargoes; fires; explosions; natural disasters; riots; wars; sabotage; inability to obtain power; or court injunction or order. The change in cost or availability of materials or components based on market conditions or supplier actions will not constitute force majeure. Any strike, slow-down, work stoppage or labor dispute of any nature or kind will not constitute a force majeure and will not excuse performance under the Order. As soon as possible (but no more than one full business day) after the occurrence, Seller will provide written notice describing such delay and assuring Buyer of the anticipated duration of the delay and the time that the delay will be cured. If the interruption as described above lasts longer than two months, Buyer has the right to withdraw from the contract.

23. Proprietary Rights

Seller agrees: (a) to defend, hold harmless and indemnify Buyer its successors and customers against claims of direct or contributory infringement or inducement to infringe any proprietary right (including any patent, trademark, copyright, moral, industrial design right or misuse or misappropriation of trade secret) and against any resulting damages or expenses, including attorneys' and other professional fees, settlements and judgments, arising in any way in relation to Supplies procured or provided by Seller (including without limitation their manufacture, purchase, use and/or sale), including such claims where Seller has provided only part of Supplies and Seller expressly waives any claim against Buyer that such infringement arose out of compliance with Buyer's specification, except to the extent such infringement is actually embodied in designs created by Buyer and provided in writing to Seller, (b) to waive any claim against Buyer, including any hold-harmless or similar claim, in any way related to a third-party claim asserted against Seller or Buyer for infringement of any proprietary right (including any patent, trademark, copyright, moral, industrial design right or misuse or misappropriation of trade secret), (c) that Buyer and its subcontractors and direct or indirect customers have the worldwide, irrevocable right to repair, reconstruct or rebuild, and to have repaired, reconstructed or rebuilt, Supplies delivered under the Order without payment of any royalty or other compensation to Seller; (d) that manufactured Supplies based on Buyer's designs, drawings or specifications may not be used for Seller's own use or sold to third parties without Buyer's express written consent, (e) to assign to Buyer each invention, discovery or improvement (whether or not patentable) that is conceived or first reduced to practice by Seller, or by any person employed by or working under the direction of Seller, in the performance of the Order, (f) to promptly disclose in an acceptable form to Buyer all such inventions, discoveries or improvements and to cause its employees to sign any papers necessary to enable Buyer to obtain title to and to file applications for patents throughout the world; and (g) to the extent that the Order is issued for the creation of copyrightable works, that the works will be considered "works made for hire," and to the extent that the works do not qualify as such, to assign to Buyer upon delivery thereof all right, title and interest in all copyrights and moral rights therein (including any source code). Except as expressly agreed by Buyer in a signed writing, all Supplies or other deliverables provided under the Order (including without limitation computer programs, technical specifications, documentation and manuals) will be original to Seller and will not incorporate any intellectual property rights (including copyright, patent, trade secret or trademark rights) of any third party. Except as expressly agreed by Buyer in a signed writing, all Supplies or other deliverables provided under the Order, and all related intellectual property rights, are owned solely by Buyer. Seller will ensure that the terms of its contracts with its subcontractors and employees are consistent with the content of this Section. At no additional cost, Seller will grant Buyer a license to use any intellectual property owned by Seller that is necessary or incident to the reasonably intended use or application of the Supplies. If Buyer's use of any of the goods or services, or any of the intellectual property or proprietary rights granted to Buyer under the Order (the "granted

rights"), is enjoined in connection with any claim, action or suit alleging that such goods, services or granted rights infringe or contribute to the infringement of any patent, copyright, trademark, service mark, trade secret or other proprietary right in the United States or elsewhere, then Seller shall, at its sole cost and expense, either: (i) procure for Buyer the perpetual right to continue using the affected goods, services and granted rights without restriction and without any obligation on the part of Buyer to make any royalty or other payments, (ii) replace the affected goods, services and granted rights with non-infringing goods, services and rights that do not adversely affect Buyer's right to use the goods, services or granted rights as contemplated by Buyer on the date of the Order (including without limitation any adverse effect relating to the functionality of the goods, services or granted rights or the cost of using or maintaining the goods, services or granted rights), or (iii) modify the affected goods, services and granted rights in a manner that does not adversely affect Buyer's right to use the goods, services or granted rights as contemplated on the date of the Order (including without limitation any adverse effect relating to the functionality of the goods, services or granted rights or the cost of using or maintaining the goods, services or granted rights) so that the affected goods, services and granted rights become non-infringing. Seller's obligations under this paragraph shall be in addition to, and shall not limit, restrict or otherwise affect in any way the other obligations of Seller under the Order, applicable law or otherwise. Seller grants to Buyer and its affiliates, both direct and indirect, an irrevocable, perpetual, worldwide, non-exclusive, royalty-free license to use, and to authorize third parties to use, all inventions, discoveries, improvements, processes, designs, ideas, software and other intellectual property owned or acquired by Seller that is necessary or incident to the reasonably intended use or application of the Supplies. Nothing in the Order grants or otherwise provides Seller or any of its affiliates with any rights relating to any patent, copyright, trademark, service mark, trade secret or other proprietary right of Buyer or any of its affiliates.

24. Buyer's Property

All tooling (including but not limited to fixtures, gauges, jigs, patterns, castings, cavity dies and molds, with all related appurtenances, accessions, and accessories), packaging and all documents, standards or specifications, trade secrets, proprietary information and other materials and items furnished by Buyer, either directly or indirectly to Seller to perform the Order or for which Buyer has agreed to reimburse Seller (collectively, "Buyer's Property"), will become Buyer's property (including passage of title) as it is fabricated or acquired, and will remain Buyer's property regardless of payment. Buyer's Property will be held by Seller as a bailee-at-will. To the extent that Seller has transferred possession of Buyer's Property to a third party, on a bailment basis as a bailee-at-will. Seller bears the risk of loss of and damage to Buyer's Property. Seller is solely responsible for inspecting, testing and approving all of Buyer's Property prior to any use, and Seller assumes all risk of injury to persons or property arising from Buyer's Property. Buyer's Property will be housed, maintained, repaired and replaced by Seller at Seller's expense in good working condition capable of producing Supplies meeting all applicable specifications, will not

be used by Seller for any purpose other than the performance of the Order, will be conspicuously marked by Seller as the property of Buyer, will not be commingled with the property of Seller or with that of a third person, and will not be moved from Seller's premises without Buyer's approval. Seller will insure Buyer's Property with full fire and extended coverage insurance for its replacement value. Any replacement of Buyer's Property will become Buyer's property. Seller may not release or dispose Buyers Property to any third party without the express written permission of Buyer. Buyer will have the right to enter Seller's premises to inspect Buyer's Property and Seller's records regarding Buyer's Property. Only Buyer (or Buyer's affiliates) has any right, title or interest in Buyer's Property, except for Seller's limited right, subject to Buyer's sole discretion, to use Buyer's Property in the manufacture of Supplies. Buyer and its affiliates have the right to take immediate possession of Buyer's Property at any time without payment of any kind. Seller agrees to cooperate with Buyer if Buyer elects to take possession of Buyer's Property, effective immediately upon written notice to Seller, without further notice or legal action, Buyer has the right to enter the premises of Seller and take possession of all of Buyer's Property. In the event of a dispute as to whether any tooling used in the production of the Supplies is owned by Buyer, the tooling subject to the dispute shall be deemed Buyer's Property pending resolution of the dispute and Buyer shall have the right to immediate possession of the tooling without payment pending resolution of the dispute but such tooling will remain subject to any claim or right to payment that Seller may possess. Seller expressly waives any right to additional notice or process and agrees to provide Buyer or its nominee(s) with immediate access to Buyer's Property, Seller grants to Buyer a limited and irrevocable power of attorney, coupled with an interest, to execute and record on Seller's behalf any notice financing statements with respect to Buyer's Property that Buyer determines are reasonably necessary to reflect Buyer's interest in Buyer's Property. At Buyer's request, Buyer's Property will be immediately released to Buyer or delivered by Seller to Buyer either (i) FCA (loaded) transport equipment at Seller's plant, properly packed and marked in accordance with the requirements of Buyer's selected carrier, or (ii) to any location designated by Buyer, in which case Buyer will pay Seller the reasonable costs of delivery. Seller waives, to the extent permitted by law, any lien or other rights that Seller might otherwise have on any of Buyer's Property, including but not limited to molder's and builder's liens.

25. Set-Off; Recoupment

In addition to any right of setoff or recoupment provided by law, all amounts due Seller will be considered net of indebtedness of Seller and its affiliates or subsidiaries to Buyer and its affiliates or subsidiaries. Buyer will have the right to set off against or to recoup from any payment or other obligation owed to Seller, in whole or in part, including any disputed, contingent or unliquidated claims, any amounts due or to become due to Buyer or its affiliates or subsidiaries from Seller or its affiliates or subsidiaries. Buyer will provide Seller with a statement describing any offset or recoupment taken by Buyer.

26. Confidentiality

Seller acknowledges that proprietary and confidential information will be received from Buyer or developed for Buyer under the Order, regardless of whether such information is marked or identified as confidential. Seller agrees to keep all proprietary or confidential information of Buyer in strictest confidence, and further agrees not to disclose or permit disclosure to others, or use for other than the purpose of the Order, any proprietary and confidential information of Buyer. Following the expiration or termination of the Order, upon Buyer's request, Seller will promptly deliver to Buyer any and all documents and other media, including all copies thereof and in whatever form that contain or relate to Buyer's confidential or proprietary information. Seller's obligations under this Section will continue for a period of five years from the date of disclosure of information covered by this Section, unless a longer period is specified in writing by Buyer. The restrictions and obligations of this Section will not apply to information that: (a) is already publicly known at the time of disclosure by Buyer; (b) after disclosure by Buyer becomes publicly known through no fault of Seller; or (c) Seller can establish by written documentation was properly in its possession prior to disclosure by Buyer or was independently developed by Seller without use of or reference to Buyer's information. Notwithstanding anything to the contrary in these Terms, any confidentiality or non-disclosure agreement between the parties that predates the Order will remain in effect except as expressly modified by the Order, and to the extent of a conflict between the express terms of such an agreement and this Section, the terms of that agreement will control.

27. No Publicity

Seller will not advertise, publish or disclose to third parties (other than to Seller's professional advisors on a need-to-know basis) in any manner the fact that Seller has contracted to furnish Buyer the Supplies covered by the Order or the terms of the Order, or use any trademarks or trade names of Buyer in any press release, advertising or promotional materials, without first obtaining Buyer's written consent.

28. Relationship of Parties

Seller and Buyer are independent contracting parties and nothing in the Order will make either party the employee, agent or legal representative of the other for any purpose. The Order does not grant either party any authority to assume or to create any obligation on behalf of or in the name of the other. Seller will be solely responsible for all employment and income taxes, insurance premiums, charges and other expenses it incurs in connection with its performance of the Order, except as expressly provided in a written agreement signed by Buyer. All employees and agents of Seller or its respective contractors are employees or agents solely of Seller or such contractors, and not of Buyer, and are not entitled to employee benefits or

other rights accorded to Buyer's employees. Buyer is not responsible for any obligation with respect to employees or agents of Seller or its contractors.

29. Conflict of Interest

Seller represents and warrants that its performance of the Order will not in any way conflict with any continuing interests or obligations of Seller or its employees or contractors. Seller further warrants that while the Order is in effect, Seller and those of its employees and contractors participating in the performance of the Order will refrain from any activities which could reasonably be expected to present a conflict of interest with respect to Seller's relationship with Buyer or its performance of the Order.

30. Non-Assignment

Seller may not assign or delegate its obligations under the Order without Buyer's prior written consent which may be withheld for any or no reason. In the event of any approved assignment or delegation authorized by Buyer, Seller retains all responsibility for Supplies, including all related warranties and claims, unless otherwise expressly agreed in writing by Buyer.

31. Sales Tax Exemption

The Supplies purchased under the Order are identified as industrial processing and may be exempt from sales taxes. In such case, the tax identification number and/or other exemption information are stated in the Order or are otherwise provided by Buyer.

32. Governing law; jurisdiction; venue

This Order is to be construed according to the law of the State of Michigan, without regard to its conflict of laws principles. The United Nations Convention on Contracts for the International Sale of Goods will not apply. Seller agrees that the forum and venue for any legal action or proceeding concerning this Order will be brought in the United States District court for the Eastern District of Michigan or any Michigan State court sitting in Washtenaw County, Michigan, so long as one of such courts will have subject matter jurisdiction over such suit, action or proceeding, and Seller irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

33. Arbitration

At Buyer's option, exercised by written notice any time before or within 30 days following the service of process in a legal action, any dispute regarding the Supplies, the Order, the validity of the Order or any of these contents, or any other matter between the parties (other than requests for injunctive or declaratory

relief) will be resolved by binding arbitration, conducted in the English language using a single arbitrator selected by the parties. The arbitration will be conducted under the commercial arbitration rules of the American Arbitration Association (AAA) and under Rules 26 through 37 of the U.S. Federal Rules of Civil Procedure, in a location agreed by the parties. If the parties cannot agree on a location within 30 days of either party's written request for arbitration, the arbitration will be conducted in Southfield, Michigan USA. If the parties cannot agree on an arbitrator within 30 days of the selection of the arbitration location, each party will select a person from the AAA-approved commercial arbitrator list and those two people will jointly select a third person from such list who will conduct the arbitration as the sole arbitrator. The arbitrator will issue written findings of fact and conclusions of law, and may award attorneys' fees and costs to the substantially prevailing party. In no event will any party be awarded punitive or exemplary damages. The award of the arbitrator will be enforceable in any court of competent jurisdiction, provided that either party may appeal to any United States District Court or Michigan district court sitting in Washtenaw County, Michigan, for correction of any clear error of fact or law by the arbitrator (provided that the appealing party must first post an appropriate bond and that the prevailing party in any such action will be entitled to its attorneys' fees and costs). The arbitration provisions of this Section will be governed by the United States Federal Arbitration Act.

34. Language; Severability; No Implied Waiver

The parties acknowledge that it is their wish that these Terms and all documents relating thereto be in the English language only and only the English language version of these Terms shall govern. Any translation of the English language version of these Terms shall have no force or effect. If any term of the Order is invalid or unenforceable under any statute, regulation, ordinance, executive order or other rule of law, the term will be deemed reformed or deleted, as the case may be, but only to the extent necessary to comply with applicable law. The remaining provisions of the Order will remain in full force and effect. The failure of either party at any time to require performance by the other party of any provision of the Order will not affect the right to require performance at any later time, nor will the waiver of either party of a breach of any provision of the Order constitute a waiver of any later breach of the same or other provision of the Order.

35. Survival

The obligations of Seller to Buyer survive termination of the Order, except as otherwise provided in the Order.

36. Headings

The headings in these Terms are for convenience only and shall not affect their interpretation.



Driven by performance

37. Entire Agreement Modifications

Except as described in Section 1, the Order, together with the attachments, exhibits, supplements or other requirements of Buyer specifically referenced therein, constitutes the entire agreement between Seller and Buyer

with respect to the matters contained in the Order. The Order may only be modified by a written amendment executed by authorized representatives of each party or, for changes within the scope of Section 8 of these Terms, by a purchase order amendment issued by

Buyer. Buyer may modify these Terms with respect to future Orders at any time by posting revised Terms to its web site at <http://www.mahle.com> and such revised Terms will apply to all Orders issued thereafter.

Status: December 2012