

STANDARD CONTRACT TERMS AND CONDITIONS

1. **ACCEPTANCE.** Seller has read and understands this contract and agrees that Seller's acceptance of any purchase order from Buyer shall constitute Seller's acceptance of these terms and conditions only.

2. **PRODUCTS.** "Products" means the goods set forth in the attached purchase order and manufactured or distributed by Seller under this contract.

3. **PURCHASE ORDERS.** The standard contract terms and conditions set forth herein shall apply to all purchase orders placed by Buyer with Seller. A written purchase order may be preceded by a verbal or electronic order and acceptance of the purchase order may be indicated by like means. Buyer's order number, part number of the Products, quantity, delivery date, price, and other matters necessary for the delivery of the Products will be set forth in the purchase orders. In the event of any conflict or contradiction between the terms of this contract and any individual purchase order or Seller's acknowledgement of such purchase order, the terms of this contract shall govern and prevail.

4. **SHIPPING AND BILLING.** Seller shall (a) properly pack, mark, and ship Products in accordance with the requirements of Buyer, the involved carriers, and any applicable laws and regulations; (b) route shipments in accordance with Buyer's instructions; (c) make no charge for handling, packaging, storage, or transportation of Products, unless otherwise stated as an item on the purchase order; (d) provide with each shipment packing slips with Buyer's purchase order number and date of shipment marked thereon; (e) properly mark each package with a label/tag according to Buyer's instructions; and (f) promptly forward the original bill of lading or other shipping receipt for each shipment in accordance with Buyer's instructions. Seller will include on bills of lading or other shipping receipts correct classification identification of Products shipped in accordance with Buyer's instructions and the carrier's requirements. The marks on each package and identification of Products on packing slips, bills of lading and invoices (when required) shall be sufficient to enable Buyer to easily identify the Products. The price of all Products shall be established in U.S. dollars. Payment terms shall be as set forth in the purchase order. Buyer may withhold payment pending receipt of evidence, in such form and detail as Buyer may direct, of the absence of any liens, encumbrances, and claims on Products supplied under this contract

5. **DELIVERY SCHEDULES.** Time is of the essence, and deliveries shall be made both in quantities and at times specified in Buyer's purchase order. Buyer shall not be required to make payment for Products delivered to Buyer in quantities in excess of the quantities specified in Buyer's purchase order. Buyer may change the rate of scheduled shipments or direct temporary suspension of scheduled shipments, neither of which shall entitle Seller to a modification of the price for Products covered by this contract. Where quantities and/or delivery schedules are not specified, Seller shall deliver Products in such quantities and times as Buyer may direct in subsequent purchase orders.

6. **PREMIUM SHIPMENTS.** If Seller's acts or emissions result in Seller's failure to meet Buyer's delivery requirements and Buyer requires a more expeditious method of transportation for Products than the transportation method originally specified by Buyer, Seller shall ship Products as expeditiously as possible at Seller's sole expense.

7. **CHANGES.** Buyer reserves the right at any time to direct changes, or cause Seller to make changes, to drawings and specifications of Products or to otherwise change the scope of the work covered by this contract including work with respect to such matters as inspection, testing or quality control, and Seller shall promptly make such changes. Any difference in price or time for performance resulting from such changes shall be equitably adjusted by Buyer after receipt of documentation in such form and detail as Buyer may direct. Any changes to this contract shall be made in accordance with **Paragraph 28.**

8. **INSURANCE.** Seller shall maintain insurance coverage with carriers acceptable to Buyer and in the amounts set forth in the purchase order. Seller shall furnish to Buyer either a certificate showing compliance with these insurance requirements or certified copies of all insurance policies within 10 days of Buyer's written request. The certificate will provide that Buyer will receive 30 days prior written notice from the insurer of any termination or reduction in the amount or scope of coverage. Seller's furnishing of certificates of insurance or purchase of insurance shall not release Seller of its obligations or liabilities under this contract.

9. **SUPPLIER QUALITY AND DEVELOPMENT INSPECTION.** Seller shall participate in Buyer's supplier quality and development program(s) and comply with all quality requirements and procedures specified by Buyer, as revised from time to time, including those applicable to Seller under Quality

System Requirements QS-9000. Buyer shall have the right to enter Seller's facility at reasonable times to inspect the facility, Products, materials, and any property of Buyer covered by this contract. Buyer's inspection of Products, whether during manufacture, prior to delivery, or within a reasonable time after delivery, shall not constitute acceptance of any work-in-process or finished goods.

10. **NONCONFORMING PRODUCTS.** Seller acknowledges that Buyer may elect to not perform incoming inspections of Products, and waives any rights to require Buyer to conduct such inspections. To the extent Buyer rejects Products as nonconforming, the quantities under this contract will automatically be reduced unless Buyer otherwise notifies Seller. Nonconforming Products will be held by Buyer in accordance with Seller's instructions at Seller's risk. Seller's failure to provide written instructions within 10 days, or such shorter period as may be commercially reasonable under the circumstances, after notice of nonconformity shall entitle Buyer, at Buyer's option, to charge Seller for storage and handling or to dispose of such Products without liability to Seller. Payment for nonconforming Products shall not constitute an acceptance of such Products, limit or impair Buyer's right to assert any legal or equitable remedy, or relieve Seller's responsibility for latent defects.

11. **BUYER'S PROPERTY.** All supplies, materials, tools, jigs, dies, gauges, fixtures, molds, patterns, equipment and other items furnished by Buyer ("Buyer's Property") is and shall remain the property of Buyer and shall be held by Seller on a bailment basis. Seller shall bear the risk of loss of and damage to Buyer's Property. Buyer's Property shall at all times be properly housed and maintained by Seller, at its expense, shall not be used by Seller for any purpose other than the performance of this contract, shall be deemed personalty, shall be conspicuously marked by Seller as the property of Buyer, 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 Buyer's prior written approval. Buyer shall have the right to enter Seller's premises at all reasonable times to inspect Buyer's Property and Seller's records with respect thereto. Upon the request of Buyer, Buyer's Property shall be immediately released to Buyer or delivered to Buyer by Seller, either (i) 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 (ii) to any location designated by Buyer, in which event Buyer shall pay to Seller the reasonable costs of delivering such property to such location. Seller waives any lien or other rights that Seller might otherwise have on any of Buyer's Property for work performed on such property or otherwise.

12. **SERVICE PARTS.** Seller will sell to Buyer sufficient Products necessary for it to fulfill its current model service and replacement parts requirements at the price(s) set forth in this contract. During the 15 year period after Buyer completes current model purchases, Seller will sell Products to Buyer to fulfill Buyer's past model service and replacement parts requirements.

13. **WARRANTY.** Seller warrants/guarantees that Products covered by this contract will conform to the specifications, drawings, samples, or descriptions furnished by Buyer, and will be merchantable, of good material and workmanship and free from defect. In addition, Seller acknowledges that Seller knows of Buyer's intended use and warrants/guarantees that all Products covered by this contract that have been selected; designed, manufactured or assembled by Seller based upon Buyer's stated use will be fit and sufficient for the particular purposes intended by Buyer. The warranty period shall be that provided by applicable law, except that if Buyer offers a longer Warranty to its customers for Products installed on vehicles, such longer period shall apply.

14. **HAZARDOUS CONDITIONS.** In the event that the Seller or Buyer learns of any issue relating to a potential safety hazard or unsafe condition in Products provided hereunder or is advised of such by competent authorities of any government having jurisdiction over such Products, it will immediately advise the other party by the most expeditious means of communication. All parties shall cooperate in correcting any such condition that is found to exist, but Seller shall remain ultimately responsible therefore and shall indemnify and hold Buyer harmless against any and all costs, expenses, suits, claims, damages (including attorney's fees and court costs) in connection therewith and with recovering and effecting such corrections.

15. **PRODUCT LIABILITY.** Seller shall protect, defend, hold harmless and indemnify Buyer and its distributors, dealers, affiliates, and customers, during the term of this contract and any time thereafter from and against any liability, claim, cost, or expense (including attorney's fees and court costs) arising out of any alleged death or injury, to any person, or damage to tangible property,

STANDARD CONTRACT TERMS AND CONDITIONS

by whomever suffered, arising out of (a) any alleged failure of Products to comply with applicable specifications, warranties, or certifications under this contract; (b) the alleged negligence of Seller in design, manufacture, or otherwise with respect to Products or parts thereof, or (c) claims based on strict liability, with respect to allegedly defective Products, instructions, or warnings. Buyer reserves the right to settle all such claims at its own discretion provided that any cost and expense incurred by Buyer in settling such claims shall be borne by Seller.

16. **FORCE MAJEURE.** Any delay or failure of either party to perform its obligations shall 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, including, but not limited to, acts of God, actions by any governmental authority (whether valid or invalid), fires, floods, windstorms, explosions, riots, natural disasters, wars, sabotage, labor strikes, inability to obtain power, material, labor equipment or transportation, or court injunction or order provided that written notice of such delay (including the anticipated duration of the delay) shall be given by the affected party to the other party as soon as possible after the event or occurrence (but in no event more than 10 days thereafter). During the period of such delay or failure to perform by Seller, Buyer, at its own option, may purchase Products from other sources and reduce its schedules to Seller by such quantities, without liability to Seller, or have Seller provide Products from other sources in quantities and at times requested by the Buyer, and at the price set forth in this contract. In addition, Seller at its expense shall take such actions as are necessary to ensure the supply of Products to Buyer for a period of at least 30 days during any anticipated labor disruption or resulting from the adequate assurances that the delay shall not exceed 30 days. If the delay lasts more than 30 days or Seller does not provide adequate assurance that the delay will cease within 30 days, Buyer may immediately terminate the contract without liability.

17. **TERM.** This contract shall be effective from the effective date of the purchase order to which this contract is attached and shall continue in full force and effect for one (1) year from that date. Thereafter, this contract shall be automatically extended for successive one (1) year periods unless either party gives at least three (3) months written notice to the other party prior to the expiration date of the then term of this contract. In the event of the termination or expiration of this contract, any individual purchase order which exists prior to such termination or expiration shall remain in effect and both parties shall perform the respective obligations thereunder.

18. **TERMINATION FOR INSOLVENCY.** Buyer may immediately terminate this contract without liability to Seller in any of the following or any other comparable events: (a) insolvency of Seller; (b) filing of a voluntary petition in bankruptcy by Seller; (c) filing of any involuntary petition in bankruptcy against Seller; (d) appointment of a receiver or trustee for Seller; or (e) execution of an assignment for the benefit of creditors by Seller, provided that such petition, appointment, or assignment is not vacated or nullified within 15 days of such event. Seller shall reimburse Buyer for all costs incurred by the Buyer in connection with any of the foregoing, including, but not limited to, all attorney's or other professional fees.

19. **TERMINATION FOR BREACH OR NONPERFORMANCE.** Buyer reserves the right to terminate all or any part of this contract, without liability to Seller, if Seller: (a) repudiates or breaches any of the terms of this contract, including Seller's warranties; (b) fails to perform services or deliver Products as specified by Buyer; or (c) fails to make progress so as to endanger timely and proper completion of services or delivery of Products and does not correct such failure or breach within 10 days (or such shorter period of time if commercially reasonable under the circumstances) after receipt of written notice from Buyer specifying such failure or breach.

20. **TERMINATION FOR CONVENIENCE.** In addition to any other right, of Buyer to terminate this contract, Buyer may, at its option, immediately terminate all or any part of this contract, at any time and for any reason, by giving written notice to Seller. Upon such termination, Buyer shall pay to Seller the following amounts without duplication: (a) the contract price for all Products or services that have been completed in accordance with this contract and not previously paid for, and (b) the actual costs of work-in-process and raw materials incurred by Seller in furnishing Products or services under this 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 this contract less, however, the sum of the reasonable value or cost (whichever is higher) of any Products or materials used or sold by Seller with Buyer's written consent, and the cost of any damaged or destroyed Products or material. Buyer will make no payments for finished goods, work-in-process or raw materials fabricated or procured by Seller in amounts in excess of those authorized in delivery releases nor for any undelivered Products that are in Seller's standard stock or that are readily marketable. Payments made under this

paragraph shall not exceed the aggregate price payable by Buyer for finished goods that would be produced by Seller under delivery or release schedules outstanding at the date of termination. Except as provided in this paragraph, 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 loss of anticipated profit, unabsorbed overhead, interest on claims, product development and engineering costs, facilities and equipment rearrangement costs or rental, unamortized depreciation costs, or general and administrative burden charges arising from termination of this contract. Within 60 days from the effective date of termination, Seller shall submit a comprehensive termination claim to Buyer, with sufficient supporting data to permit Buyer's audit, and shall thereafter promptly furnish such supplemental and supporting information as Buyer shall request. Buyer or its agents shall have the right to audit and examine all books, records, facilities, work, material, inventories and other items relating to any termination claim of Seller.

21. **PATENT AND OTHER INTELLECTUAL PROPERTY RIGHTS.** All information supplied to Seller by Buyer shall constitute confidential information of Buyer and Seller shall use such information only for the performance of this contract and shall not disclose such information to any third party without Buyer's prior written consent. Seller shall indemnify and hold Buyer harmless from and against any claim or action made by any third party that any Products infringe the rights of such third party in respect to patent or other intellectual property rights, and Seller shall assume the defense of any claim or action against Buyer relating thereto and shall compensate Buyer for all its damages and losses (for disposition of any such claim or action.)

22. **TECHNICAL INFORMATION DISCLOSED TO BUYER.** Seller shall not assert any claim (other than a claim for patent infringement) with respect to any technical information that Seller shall have discussed or may hereafter disclose to Buyer in connection with Products or services covered by this contract.

23. **REMEDIES.** The rights and remedies reserved to Buyer in this contract shall be cumulative with, and additional to, all other or further remedies provided in law or equity. Without limiting the foregoing, should any Products fail to conform to the warranties set forth in **Paragraph 13**, Buyer shall notify Seller and Seller shall, if requested by Buyer, reimburse Buyer for any incidental and consequential damages caused by such nonconforming Products, including, but not limited to, costs, expenses and losses incurred by Buyer (a) in inspecting, sorting, repairing or replacing such nonconforming Products; (b) resulting from production interruptions; (c) conducting recall campaigns or other corrective service actions; and (d) claims for personal injury (including death) or property damage caused by such nonconforming Products. If requested by Buyer, Seller will enter into a separate agreement for the administration or processing of warranty chargebacks for nonconforming Products.

24. **ASSIGNMENT.** This contract and/or any individual purchase order and the rights or obligations of Seller shall not be assigned or mortgaged, in whole or in part to any third party whether intentionally or by operation of law without the prior written consent of Buyer. Any assignment contrary to the terms hereof shall be null and void and of no force or effect.

25. **ARBITRATION.** If a dispute arises out of, or relates to, or involves an alleged breach of this contract, and the dispute is not promptly resolved through negotiations, the parties agree to undertake resolution of the dispute by arbitration under the Rules of the American Arbitration Association. Any such resolution shall be enforceable by a court order in accordance with the provisions of the Uniform Arbitration Act. Any arbitration conducted under this contract shall take place in Knox County, Tennessee.

26. **APPLICABLE LAW.** This contract shall be governed by and interpreted under the laws of the State of Tennessee without regard to the conflict-of-laws provisions thereof.

27. **SEVERABILITY.** If any term(s) of this contract is invalid or unenforceable under any statute, regulation, ordinance, executive order or other rule of law, such term(s) shall be deemed reformed or deleted as the case may be, but only to the extent necessary to comply with such statute, regulation, ordinance, order or rule, and the remaining provisions of this contract shall remain in full force and effect.

28. **ENTIRE AGREEMENT.** This contract, together with the attachments, exhibits, supplements or other terms of Buyer specifically referenced in this contract, constitutes the entire agreement between Seller and Buyer with respect to the matters contained in this contract and supersedes all prior oral or written representations and agreements. This contract may be modified only by a contract amendment issued by Buyer.