

## GENERAL TERMS AND CONDITIONS OF PURCHASING

1. **DEFINITIONS.** The capitalized words in these General Terms and Conditions of Purchasing shall have the meanings defined separately herein.
2. **ACCEPTANCE.** Supplier's acceptance of a Sourcing Agreement, Purchase Order ("PO") or Scheduling Agreement Release and these General Terms and Conditions of Purchasing is expressly limited to the terms and conditions contained herein. Supplier acknowledges and agrees to be bound by, and comply with, all (a) terms and conditions contained herein; (b) Purchaser's Supplier Requirements and Supplier Quality Assurance Manual LR 10 and QR83; (c) terms and conditions of Purchaser's end customer, to the extent that such OEM terms are not inconsistent with these General Terms and Conditions (the Original Equipment Manufacturer or OEM); and (d) all of the foregoing as the same may be amended by Purchaser or Purchaser's customer from time to time. Supplier shall have accepted each and every one of these terms and conditions when it does any of the following: (a) executes any Sourcing Agreement, PO or Scheduling Agreement Release; (b) when it delivers to Purchaser any goods ordered pursuant to a Sourcing Agreement, PO or Scheduling Agreement Release issued by Purchaser herein; or (c) renders for Purchaser any of the services ordered pursuant to a Sourcing Agreement, PO or Scheduling Agreement Release issued by Purchaser, whichever shall first occur. Any terms set forth by Supplier shall be deemed material and are specifically rejected in whole, unless accepted in a writing specifically accepting each such term and signed by Purchaser.
3. **PRICE.** Supplier agrees that all orders will be billed and shipped in strict accordance with the applicable Sourcing Agreement, PO or Scheduling Agreement Release issued by Purchaser, and if a Sourcing Agreement, PO or Scheduling Agreement Release is un-priced, at a price no higher than that last charged or quoted to, and accepted by, Purchaser for such goods or services. Supplier agrees that any price reduction made in goods or services described in an order, prior to the delivery of such goods or the furnishing of such services to Purchaser, will be applicable to the latest order. Supplier represents that the price charged for the Products or services covered by these General Terms and Conditions and any Sourcing Agreement, PO or Scheduling Agreement Release of Purchaser is the lowest price charged for the Products or services by the Supplier to purchasers of a class similar to Purchaser, under conditions similar to those of Purchaser, and that the prices and production of such Products complies with all applicable laws and regulations. Subject to Paragraphs 24 and 26 below, the foregoing, and any requirements from Purchaser's customer, any pricing set forth in a Sourcing Agreement, PO or Scheduling Agreement Release is firm and shall only be modified in writing by Purchaser, at Purchaser's sole and exclusive discretion. Unless otherwise stated in a Sourcing Agreement, PO or Scheduling Agreement Release or agreed to by the parties in writing, Supplier shall be responsible for shipping costs. No additional charges of any kind, including but not limited to charges for packing, boxing, cartage or other extras, will be allowed unless agreed to in a writing signed by an authorized agent of Purchaser. The price shall include all duties, federal, state and local taxes and other governmental charges applicable to the order, and same shall be paid by Supplier. In the event of prices "ex works" or "ex-warehouse" being agreed, Purchaser shall only bear the lowest possible freight costs. Supplier is responsible for all costs up to the point of delivery to the carrier including loading, but excluding transportation costs. INCOTERMS as of the date of the Sourcing Agreement, PO or Scheduling Agreement Release shall apply to the interpretation of trade terms used in these General Terms and Conditions.
4. **DELIVERY.** Deliveries are to be made both in quantities and at times specified in the Sourcing Agreement, PO or Scheduling Agreement Release. Upon Supplier determining that it will not be able to meet an agreed delivery date (for any reason), Supplier shall timely inform Purchaser of this fact. This notice is without prejudice to Supplier's obligation to meet required delivery dates. If Supplier's deliveries fail to meet the Purchaser's schedule, Purchaser, without limiting its other rights or remedies, may direct expedited routing, and any excess costs incurred thereby shall be debited to Supplier's account. Products which are delivered in advance of schedule may, at Purchaser's option, either (a) be returned at Supplier's expense for improper delivery, (b) have payment withheld by Purchaser until the date that Products are actually scheduled for delivery, or (c) place Products in storage for Supplier's account, at Supplier's cost, until the delivery date specified in the applicable Sourcing Agreement, PO or Scheduling Agreement Release.  
Prior to shipment, all material is to be packaged in accordance with Purchaser's packaging requirements. Supplier shall mark each individual container with the Sourcing Agreement, PO or Scheduling Agreement Release number, Purchaser's part and drawing numbers (where applicable), description, and quantity, plus all special markings as noted and required.  
All shipping papers and packaging for production and non-production Products and services shall comply with all governmental regulations of the Purchaser's country.  
All invoices must show Purchaser's Sourcing Agreement, PO or Scheduling Agreement Release and Purchaser's part number (if applicable) for payment. Invoices shall be mailed to the Accounting Department of the Purchaser at the address shown on the face of the applicable Sourcing Agreement, PO or Scheduling Agreement Release within one (1) day following shipment, regardless of whether shipment is in part or in whole. Separate invoices must be rendered for each shipment, whether in part or in whole. Purchaser reserves the right to require Supplier to participate in Purchaser's Evaluated Receipt System.
5. **TAXES AND CUSTOMS.**
  - a. The Products or services purchased hereunder are for resale or for an exempt purpose and are exempt from state and local sales or use taxes. If the Products are imported from outside the U.S., Supplier will provide to CHERRY on the Effective Date a properly executed Internal Revenue Service (IRS) Form W8-BEN and a documented Affirmation of Foreign Residency as the appropriate and required documentation to substantiate this exemption.

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- b. Supplier will promptly provide to CHERRY a list of parts or components used by Supplier in fulfilling its obligations under the applicable Sourcing Agreement, PO or Scheduling Agreement Release which Supplier purchases in a country other than the U.S. Supplier will furnish CHERRY with any documentation and information necessary to establish the country of origin or to comply with the applicable country's rules of origin requirements. Supplier will promptly advise CHERRY of any material or components imported into the country of origin and any duty included in the Piece Prices of the Products.
  - c. Supplier will comply with CHERRY's customs requirements. The rights to and benefits of any duty drawback, including rights developed by substitution and rights which may be acquired from Supplier's sub-suppliers and export credits, to the extent transferable to CHERRY, are the property of CHERRY. Supplier will provide all documentation and information and take any necessary steps to drawback any duty, taxes or fees paid to, and to receive export credits from, the government of the country of origin upon exportation of the Products from such country.
  - d. The responsibility for customs duty and customs brokers' fees will be determined in accordance with the FCA delivery point and transportation code stated in the applicable Sourcing Agreement, PO or Scheduling Agreement Release. If CHERRY is responsible for customs duties, it will be responsible for normal duties only. Supplier will be responsible for any anti-dumping and countervailing duties, to the extent permitted under the law of the country of importation. Supplier will provide CHERRY or the appropriate governmental authority all documentation and information required by law or regulation or otherwise necessary to determine the proper minimum duty to be paid upon the importation of the Products into any country or to obtain any refunds or drawbacks of duties paid.
6. **REPRESENTATIONS AND WARRANTIES.** Supplier represents and warrants to Purchaser that all articles, machines, Products, components, materials and/or services are free from defects in material, design and workmanship and (a) will conform to all Specifications, (collectively herein the "*Specifications*"); (b) will be fit for the use for which they are intended and for any special uses known by Supplier to be contemplated by Purchaser; (c) will be merchantable and of good material and workmanship; and (d) comply with all State and Federal laws relative thereto, including, but not limited to all such laws relative to the manufacture thereof. The above warranties are in addition to (and not in limitation of) all other warranties of Supplier, expressed, implied, and provided at law or in equity.

**WARRANTY PERIOD.** The warranty period shall be the later of: (a) one (1) year from the later of the date of delivery or final run-off for machines, equipment, spare parts and/or services; (b) any warranty period that has been agreed to by Purchaser, documented in writing and signed by Purchaser; (c) at least as long as Purchaser's warranty granted to Purchaser's customer (the OEM); or (d) as provided by applicable law.

Supplier shall timely repair or replace, at its own cost, all non-conforming Products and perform any necessary work in connection with any warranty claim. If Products are not repairable, Supplier shall replace the non-conforming Products free of any and all charges to Purchaser and shall reimburse Purchaser for any and all expenses incurred by Purchaser or Purchaser's customer in relation to the non-conforming Products.In urgent cases Purchaser (or a third party directed by Purchaser) shall be entitled, at Supplier's sole expense, to make the necessary repairs/modifications to the non-conforming Products or obtain replacement/substitute Products at Supplier's sole cost and expense. Purchaser will use reasonable efforts to inform Supplier before such actions are taken, or when prior notification is not possible, Purchaser shall notify Supplier afterwards. Purchaser may deduct and set-off from any amounts due Supplier, all costs and expenses related to any non-conforming Products, including but not limited to any cost for replacement/substitute Products, repair/modification of the non-conforming Products, expediting, inspection, any charges to Purchaser by its customer and any charges or costs for any interruption of production at any facility of Purchaser or Purchaser's customer(s). In the event that repair is not commercially reasonable under the circumstances, Purchaser shall be entitled to cancel the Sourcing Agreement, PO or Scheduling Agreement Release either in whole or in part or require a Purchaser determined price reduction.
7. **CHANGES IN ORDER, EXISTING CONTRACT & NON-ASSIGNMENT.** These General Terms and Conditions, any Sourcing Agreement, PO or Scheduling Agreement Release, together with any documents specifically referenced in the foregoing documents issued by Purchaser contain the complete agreement between the Purchaser and Supplier, and no agreement or other understanding purporting to modify these General Terms and Conditions, any Sourcing Agreement, PO or Scheduling Agreement Release shall be binding upon Purchaser unless otherwise agreed to by Purchaser in writing on a subsequent date. If a Sourcing Agreement, PO or Scheduling Agreement Release is placed under an existing written contract between Supplier and Purchaser, any terms of a Sourcing Agreement, PO, Scheduling Agreement Release or these General Terms and Conditions which are inconsistent with that contract shall be governed by the written contract. If Supplier assigns monies due and to become due under a Sourcing Agreement, PO or Scheduling Agreement Release, Purchaser shall be entitled to assert against the assignee thereof all rights, claims, and defenses of every type (including without limitation, rights of setoff, recoupment of counterclaim, etc.) which Purchaser could assert against Supplier, whether acquired prior or subsequent to such assignment. Supplier may not assign the Sourcing Agreement, PO or Scheduling Agreement Release or any part thereof without Purchaser's prior written consent.
8. **TERMINATION.** Purchaser reserves the right to terminate any Sourcing Agreement, PO or Scheduling Agreement Release, either in whole or in part, if Supplier delivery is not made as specified in such Sourcing Agreement, PO or Scheduling Agreement Release or other written document, or if Supplier fails to deliver goods, articles, machines, Products, components, materials and/or services which conform in all respects to the Specifications, or if Supplier otherwise fails in the due performance of each and every of the within General Terms and Conditions, any Sourcing

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Agreement, PO or Scheduling Agreement Release or other written document governing the production of such Products or services.

Purchaser's production schedules are based upon the requirement that the Products will be delivered to Purchaser by the dates specified on the face of the Sourcing Agreement, PO or Scheduling Agreement Release or the most recent release. Time is therefore of the essence and if Products are not delivered within the time specified on a Sourcing Agreement, PO or Scheduling Agreement Release, Purchaser may reject such late Products and terminate a Sourcing Agreement, PO or Scheduling Agreement Release, either in whole or in part. The acceptance of late or defective deliveries shall not be deemed a waiver by Purchaser of its right to terminate a Sourcing Agreement, PO or Scheduling Agreement Release either in whole or in part. Without prejudice to the foregoing, Supplier shall report to the Purchasing Department of the Purchaser, at the address shown on the Sourcing Agreement, PO or Scheduling Agreement Release, with as much advance notice as possible, any potential or actual delays in the shipment or furnishing of articles, machines, Products, components, materials and services provided by Supplier to Purchaser or Purchaser's customer.

Purchaser reserves the right to terminate, in whole or part, a Sourcing Agreement, PO or Scheduling Agreement Release due to Supplier's insolvency or the commencement of either voluntary or involuntary bankruptcy proceedings by or against Supplier. Termination shall not affect the obligations of Supplier arising prior to the effective date of such termination by Purchaser.

Purchaser reserves the right to terminate any Sourcing Agreement, PO or Scheduling Agreement Release, either in whole or in part, without liability to Supplier, if Supplier: (a) repudiates or breaches any of the terms of these General Terms and Conditions, any Sourcing Agreement, PO or Scheduling Agreement Release, including Supplier's warranties thereunder; (b) 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 immediately after receipt of written notice from Purchaser specifying such failure or breach. In addition, Purchaser may terminate any Sourcing Agreement, PO or Scheduling Agreement Release upon giving at least thirty (30) calendar days' notice to Supplier, without liability to Supplier, if Supplier (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, fifty (50) percent or more of its stock that effects a change in the control of Supplier.

Upon Purchaser's termination of a Sourcing Agreement, PO or Scheduling Agreement Release for cause, Purchaser's sole obligation to Supplier shall be to pay Supplier for the conforming Products already supplied and accepted, according to the terms and conditions of the Sourcing Agreement, PO or Scheduling Agreement Release and these General Terms and Conditions. Any and all payments due Supplier by Purchaser shall be subject to Purchaser's right of set off against any such amounts.

For a Supplier located in Mexico- Purchaser shall be entitled to immediately terminate a Sourcing Agreement, PO or Scheduling Agreement Release, either in whole or in part, without liability from Purchaser to Supplier, upon one-hundred-twenty (120) calendar days advance written notice to Supplier.

In the event that Purchaser exercises any right of termination it may have, Purchaser reserves all rights and remedies it may have through the Sourcing Agreement, PO or Scheduling Agreement Release, these General Terms and Conditions or any other corresponding agreements, at law or in equity.

Purchaser shall have the right to audit and examine all books, records, facilities, work, material, inventories and other items relating to any termination claim of Supplier. In addition, Supplier agrees to fully cooperate with Purchaser in the event of any such investigation/examination.

9. **INSPECTION – REJECTION.** All Products delivered to and work done for Purchaser shall be exactly as specified by Purchaser, and shall be subject to inspection, approval or rejection by Purchaser, either in whole or in part, at all reasonable times and places, occurring before, during, and after manufacture or delivery. Supplier shall advise Purchaser, upon request by Purchaser, when Products are ready for inspection. Any Products not conforming to the Specifications may be returned to Supplier at Supplier's sole and complete risk and expense, may be made conforming by Purchaser (or a third party directed by Purchaser) at Supplier's sole and complete expense, or may be held by Purchaser at Supplier's sole and complete risk and expense for disposition after notice to Supplier. All costs or damages incurred by Purchaser from Supplier's non-conforming Products or services, including but not limited to reparation costs from Purchaser (or a third party directed by Purchaser), will be charged to Supplier in such amounts as fully compensates Purchaser for all such damages or costs related to Supplier's non-conformance.
10. **PATENTS.** Supplier warrants that (a) No article, machine, Product, component, material or services provided or used by Supplier shall be a misuse or misappropriation of any trade secret or infringe any patent, copyright, trademark, industrial design right or other proprietary right not owned or controlled by Supplier, and that neither the normally anticipated uses thereof by Purchaser, nor any specified methods of using same known by Supplier to be contemplated by Purchaser, will infringe any patent, copyright, trademark, industrial design right or other proprietary right; (b) Supplier shall defend and indemnify Purchaser, its subsidiaries, associated entities and customers against (and hold it and them free and harmless from) any claim, judgment, decree, cost or expense it or they may suffer or incur (including attorney's fees and other expenses) resulting from, incident to, or arising from any misuse or misappropriation of any trade secret or infringement or claim of infringement of any patent, copyright, trademark, industrial design right or other proprietary right relating to any articles, machines, Products, components, materials or services provided or used by Supplier in the design, manufacture or sale of Products or services, including any and all claims in which Supplier has provided only a part of the Products or services. Supplier expressly waives any claim

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against Purchaser or Purchaser's customer that any such infringement arose out of compliance with Purchaser's or Purchaser's customer's specifications or requirements.

To the extent that any Sourcing Agreement, PO or Scheduling Agreement Release is issued for the creation of copyrightable, patentable or trademarkable works, the works shall be considered "works made for hire." To the extent that the works do not qualify as "works made for hire," Supplier hereby assigns to Purchaser any and all rights, title and interest in all copyrights, patents, trademarks and other rights arising from such work performed pursuant to the Sourcing Agreement, PO or Scheduling Agreement Release issued by Purchaser.

- 11. INDEMNITY, RECALL & INSURANCE.** Supplier will defend, indemnify and hold harmless, Purchaser, its subsidiaries, associated entities, employees, agents and customers against (and hold it and them free and harmless from) any and all claims, demands, judgments, losses, damages or expenses it or they may suffer or incur (including attorney's fees and other expenses) resulting from, incident to, or arising out of Products or services provided to Purchaser in any manner whatsoever, including but not limited to any acts or omissions of Supplier or Supplier's servants, agents, employees or sub-contractors. Supplier shall maintain and carry adequate insurance, on a commercially reasonable basis, on Supplier's plant and equipment and Purchaser's or Purchaser's customer tooling located at Supplier's plant, for the full insurable value thereof, as well as comprehensive general liability insurance, including public liability, property damage liability, product liability, recall and contractual liability coverage, and workers' compensation and employees' liability insurance covering all employees engaged in the performance of any Sourcing Agreement, PO or Scheduling Agreement Release, all in amounts and with companies satisfactory to Purchaser. Upon request from Buyer, Supplier shall have Purchaser named as an additional insured on its insurance policies. Supplier shall, on Purchaser's request, furnish certificates or other acceptable forms of proof of insurance confirming the foregoing coverages. The receipt or review of such certificates or other forms of proof of coverage by Purchaser shall not relieve Supplier from Supplier's insurance obligations hereunder or reduce or modify such insurance obligations. Supplier's failure to comply with these provisions shall not reduce or relieve Supplier from its obligations or liabilities hereunder.

The term "**Recall**" shall mean (i) in the absence of an order issued by the United States Secretary of Transportation (the "**Secretary**") or any other applicable governmental agency or authority of the United States or any other country, notification by Purchaser's customer to the Secretary, governmental authority of such other foreign country and to owners, purchasers, and dealers as required under section 151 of the National Traffic and Motor Vehicle Safety Act of 1966, as amended (the "**Act**") [ 15 USCS § 1411] or comparable federal or provincial law of a foreign country, that any motor vehicle or item of replacement equipment contains a defect related to motor vehicle safety or that such vehicle or item of replacement equipment fails to comply with an applicable federal, state or provincial motor vehicle safety standard, or such other notification as may be required under any other federal, state or provincial applicable law and/or (ii) an order by the Secretary pursuant to section 152(b) of the Act [15 USCS §1412(b)] with respect to any motor vehicle or item of replacement equipment which fails to comply with an applicable federal motor vehicle safety standard or contains a defect which relates to motor vehicle safety, or an order by any other applicable United States or foreign governmental agency or authority requiring notification and remedial action on the part of Purchaser's customer with respect to any motor vehicle or item of replacement equipment. Any decision on the part of Purchaser, which shall be in its sole discretion, to contest in a legal proceeding any determination by the Secretary, or any other United States or foreign governmental agency or authority, with respect to a Recall order shall not waive or diminish in any manner any rights of Purchaser under the provisions of this Section. Purchaser's rights under the provisions of this Section shall be cumulative and additional to any other or further remedies provided by law or in equity. Upon the occurrence of a Recall, where one of the potential causes for the Recall is determined in Purchaser's reasonable judgment to be attributable to Supplier, Supplier will indemnify and hold Purchaser harmless for the costs of any services or other actions undertaken to correct or to remedy any Recall. Purchaser's remedies under this Section shall include, but not be limited to, a claim for actual, consequential and incidental damages (including, without limitation, attorneys' fees and administrative costs and expenses) arising out of, resulting from or related to any such Recall.

Market Action means any voluntary action not mandated by any governmental body by Purchaser's Customer to remedy what such customer reasonably believes to be a defect related to safety, involving replacement or repair of Products purchased by Purchaser from Supplier for use in such customer's vehicles. In addition to all other indemnification and reimbursement due from Supplier to Purchaser under these Terms, Supplier shall indemnify and reimburse Purchaser for all costs incurred by it arising from any Market Action.

- 12. SERVICES.** If Supplier performs any work or services for Purchaser, Supplier covenants and agrees that it will (a) Perform such work or services as an independent contractor and not as an employee or agent of Purchaser, (b) Have sole liability for all salaries, payroll taxes, injuries (including dismemberment and death), workers' compensation premiums, social security taxes, unemployment taxes, other applicable taxes, contributions, insurance and insurance premiums, and indemnify Purchaser and Purchaser's customer against any loss that may result from Supplier's failure to comply with such laws, commitments and obligations.
- 13. MOLDS, TOOLS, ETC.** Any and all molds, tools, tooling, dies, jigs, fixtures and other equipment either ordered by or in relation to any work, services, or production to be performed for Purchaser shall be used exclusively in the manufacture of the Products or delivery of services for Purchaser.

Any and all molds, tools, tooling, dies, jigs, fixtures, and other equipment either paid for, in whole or part, or purchased by Purchaser shall at all times be and remain the sole and exclusive property of Purchaser, free from any liens or claims of any type or nature whatsoever by Supplier or parties claiming through Supplier.

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Purchaser shall have the option at any time to purchase any and all molds, tools, tooling, dies, jigs, fixtures, and other equipment used in the manufacture of the Products or delivery of services for Purchaser not already owned by Purchaser, at the then current book value, less any costs for repair or refurbishment.

Each tool, tooling, mold, die, jig, fixture or piece of equipment is to be clearly stamped or stenciled with:

- a. Supplier's Tool (or Equipment) Identification Number;
- b. Purchaser's Product Number; and
- c. Labeled "Property of CHERRY" or Purchaser's customer as directed by Purchaser in writing.

Tooling will be approved for payment only after the successful completion and approval of the Production Part Approval Process (PPAP) sample submission. Purchaser shall have the right to deduct five (5) percent from a tooling payment in the event Supplier's PPAP sample submission is more than fifteen (15) calendar days late from its scheduled due date. For PPAP sample submissions submitted forty-five (45) or more calendar days after their scheduled due date, Purchaser shall have the exclusive option to cancel any PO in whole or part, without any liability or obligation to Supplier from Purchaser. Approved tooling invoices will be paid by Purchaser after payment for such approved tooling from Purchaser's OEM customer. Approved tooling invoices shall mean those invoices approved by Purchaser after an audit of Supplier's records by Purchaser. Supplier acknowledges and agrees that a tooling PO and the compensation to be paid thereunder is subject to a successful audit by Purchaser.

Prior to Supplier's first production shipment, Supplier must submit to Purchaser in writing a listing of the Identification Numbers for all molds, tools, tooling, dies, jigs, fixtures, and other capital equipment, detailed descriptions and locations for each item with an Identification Number, and confirmation that each is properly marked as detailed above.

The following statement must appear on Supplier's final tooling invoice:

Tools included in this invoice are:

- a. Completed and have produced Products accepted by Purchaser (approved Part Submission Warrant (PSW) documentation attached); and
- b. Stamped or stenciled with Tool Identification and Product Numbers (as specified above); and
- c. Clearly labeled "Property of CHERRY" or Purchaser's customer as directed in writing by Purchaser.

All molds, tools, tooling, dies, jigs, fixtures, and other equipment shall not be scrapped or made available to third parties (for any purpose including but not limited to production purposes) without the prior written consent of Purchaser.

All molds, tools, tooling, dies, jigs, fixtures, and other equipment shall be secured, fully insured and maintained production ready at all times by Supplier on behalf of Purchaser, at Supplier's sole expense.

Upon Purchaser's request, all or any portion of Purchaser's property in the possession of Supplier, Supplier's agents or Supplier's sub-contractors, shall be immediately released to Purchaser or delivered to Purchaser by Supplier, either (a) F.O.B. at Supplier's plant, properly packed and marked in accordance with the requirements of the carrier selected by Purchaser to transport such property, or (b) to any location designated by Purchaser, in which event Purchaser shall pay to Supplier the reasonable and documented costs of delivering such property to such location. When permitted by law, Supplier waives any possession rights, lien rights, requirements for the posting of bond or other surety, or other rights that Supplier might otherwise have in any of such molds, tools, tooling, dies, jigs, fixtures, and other equipment or other of Purchaser's property for work performed on such property, Products manufactured with such property or otherwise.

- 14. DESIGN RIGHTS.** Purchaser retains all rights including but not limited to any patent, trademark, intellectual property or copyright rights in any designs, drawings, or models (including prototype) furnished by Purchaser to Supplier in connection with the Products supplied to Purchaser, except designs, drawings or models on Supplier's stock parts, subassemblies, assemblies or packaging not originated by Supplier especially for Purchaser at Purchaser's direct or indirect expense. No such drawing or model, in which rights are retained by Purchaser shall, without Purchaser's prior written permission, be disclosed to any third party or incorporated in, duplicated or otherwise used in connection with the Products or services furnished to others by Supplier.

Upon Supplier's acceptance of Purchaser's Sourcing Agreement, PO or Scheduling Agreement Release, Supplier shall grant and does grant, to Purchaser a permanent non-exclusive license and right to use any and all designs, patents, trademarks, intellectual property or copyright rights utilized in any way by Supplier in the creation, production, repair, rebuild, modification or delivery of the Products or services contracted for by Purchaser in any Sourcing Agreement, PO or Scheduling Agreement Release.

- 15. EEO CLAUSE FROM EXECUTIVE ORDER 11246 EQUAL EMPLOYMENT OPPORTUNITY.** The Equal Employment Opportunity Clause in Section 202, Paragraphs 1 through 7 of Executive Order 11246, as amended, relative to equal employment opportunity and the implementing Rules and Regulations of the Office of Federal Contract Compliance are incorporated herein by specific reference. (Not applicable for Mexico)
- 16. NOT A REQUIREMENTS CONTRACT.** Sourcing Agreements, POs or Scheduling Agreement Releases issued to Supplier shall not be considered requirements contracts for Purchaser unless so noted on the face of such Sourcing Agreement, PO or Scheduling Agreement Release. Any Sourcing Agreement, PO or Scheduling Agreement Release issued to Supplier may be terminated by Purchaser, without any liability of any kind or nature whatsoever from Purchaser to Supplier, at the convenience of Purchaser.

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- 17. QUALITY ASSURANCE & MISCELLANEOUS REQUIREMENTS.** Supplier shall be and remain, as directed by Purchaser LR 10, QR-83, compliant for any period of time Supplier supplies Products or services to Purchaser. Supplier shall, in the manufacture of Products, performance of work or services under this order, fully comply with all applicable Federal, State, or local Laws, Rules, Regulations, or Ordinances and shall defend, indemnify and hold Purchaser and Purchaser's customer harmless from any liability resulting from failure of such compliance.

Supplier agrees to participate in any vendor/supplier quality and development program(s) by either Purchaser or Purchaser's customer(s) and to comply with all quality requirements and procedures specified by Purchaser and Purchaser's customer(s), as revised from time to time by Purchaser and Purchaser's customer(s). In addition, Purchaser and Purchaser's customer(s) shall have the right to enter Supplier's facility at all reasonable times to inspect the facility, Products, materials and any property of Purchaser and Purchaser's customer(s) covered by a Sourcing Agreement, PO or Scheduling Agreement Release. Purchaser's and Purchaser's customers' inspection of the 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.

- 18. REMEDIES JURISDICTION & VENUE.** The remedies provided Purchaser herein shall be cumulative and in addition to any other remedies provided at law or in equity. Any waiver by Purchaser of any Supplier breach of any provision hereof shall not constitute a waiver by Purchaser of any other provision or breach by Supplier. The provision of Products and services together with the Sourcing Agreement, PO or Scheduling Agreement Release, these General Terms and Conditions shall be governed by the laws of Purchaser's Country, which laws are incorporated herein by reference. Supplier agrees and consents to exclusive jurisdiction and venue in the state and federal courts where Purchaser is located. Purchaser may, in its sole discretion, commence legal action in the jurisdiction of the Supplier.

In the event that Supplier takes action or fails to act in a manner that disrupts or threatens to disrupt Purchaser's ability to produce, Purchaser shall have the right to seek specific performance of a Sourcing Agreement, PO or Scheduling Agreement Release in a court of Purchaser's choosing without application of principles of conflicts of law.

Notwithstanding the termination of a Sourcing Agreement, PO or Scheduling Agreement Release, in whole or part, whether for cause or convenience, and whether such termination is claimed by Purchaser or Supplier, so long as during the Transition Period, as defined hereinafter, Purchaser timely pays the pricing set forth on the Sourcing Agreement, PO or Scheduling Agreement Release for such Products or services the Supplier shall have the absolute obligation to continue to provide the services or produce Products in accordance with the terms of the Sourcing Agreement, PO or Scheduling Agreement Release for a reasonable period of time so as to permit Purchaser the opportunity to procure a replacement supplier, so as to permit an orderly transition of the production or services and so as to avoid any interruption of production at Purchaser's facilities or the facilities of Purchaser's customer. Such period shall only be of such a length so as to reasonably provide Purchaser the opportunity to transition, under commercially reasonable terms and conditions, the supply of Products or services without an interruption of production at Purchaser's facility or at the facilities of Purchaser's customer, the "*Transition Period*". This Transition Period shall not be a cure period and shall terminate by Purchaser giving not less than five (5) days' notice its intention to terminate the Transition Period. Supplier shall not have the right to terminate the Transition Period except in the event that Purchaser fails to pay for conforming Products or services delivered or provided by Supplier during the Transition Period. Supplier further acknowledges that the Products or services provided hereunder are unique and that rights set forth herein are in addition to any rights granted under any state law including but not limited to §2-716 of the UCC as adopted by the jurisdiction governing the transactions contemplated hereunder.

The Parties further agree that any breach of the Sourcing Agreement, PO or Scheduling Agreement Release, these General Terms and Conditions that would have the effect of interrupting production at Purchaser or Purchaser's customer would result in irreparable harm to the Purchaser and that money damages would not be a sufficient remedy for any such breach. The Parties agree that in such events that the Purchaser shall be entitled to equitable relief, including injunction and specific performance, requiring further production of Products or the provision of services, as a remedy for any such breach or claimed breach. During the term of any Sourcing Agreement, PO or Scheduling Agreement Release, Supplier consents to the entry of an order for specific performance for the production of Products in accordance with UCC §2-716 or similar statute. Supplier further waives any requirement finding that a Sourcing Agreement, PO or Scheduling Agreement Release constitutes a requirements contracts or the securing or posting of any bond in connection with any such remedy. Supplier further acknowledges and consents to the entry of injunctive or similar relief in order to enforce the obligations of the Parties under the Sourcing Agreement, PO or Scheduling Agreement Release, these General Terms and Conditions, or other document governing the purchase of Products from Supplier by Purchaser whether at law or in equity. The remedies of Purchaser shall not be deemed to be the exclusive remedies for a breach by Purchaser but shall be in addition to all other remedies available at law or equity.

- 19. FORCE MAJEURE.** Any delay or failure of either party to perform its obligations shall be excused if Supplier is unable to produce, sell or deliver, or Purchaser is unable to accept delivery, buy or use, the Products or services covered by a Sourcing Agreement, PO or Scheduling Agreement Release, as the result of an event or occurrence beyond the reasonable control of the party and without its fault or negligence, including, but not limited to, acts of nature, actions by any governmental authority (whether valid or invalid), fires, floods, windstorms, explosions, riots, natural disasters, wars, sabotage, inability to obtain power, material or transportation, or court injunction or order, but excluding labor problems including lockouts, strikes and slowdowns and any financial difficulties of Supplier; 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 ten (10) days thereafter). During the period of such delay or failure to perform by Supplier, Purchaser, at its option, may purchase Products and services



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from other sources and reduce its schedules to Supplier by such quantities, without liability to Supplier, or have Supplier provide the Products and services from other sources in quantities and at times requested by Purchaser, and at the price set forth in the Sourcing Agreement, PO or Scheduling Agreement Release relevant to such Products. In addition, Supplier at its expense shall take such actions as are necessary to ensure the supply of Products and services to Purchaser for a period of at least ninety (90) days during any anticipated labor disruption or resulting from the expiration of Supplier's labor contract(s). If requested by Purchaser, Supplier shall, within ten (10) days, provide adequate assurances that a delay shall not exceed thirty (30) days. If the delay lasts more than thirty (30) days or Supplier does not provide adequate assurance that the delay will cease within thirty (30) days, Purchaser may terminate in whole or part, any Sourcing Agreement, PO or Scheduling Agreement Release without liability to Supplier.

20. **LIMITATION ON REMEDIES, LIABILITIES AND DAMAGES.** Purchaser's entire liability to Supplier for any loss, liability or damage, including attorney's fees, for any claim arising out of or related to Products or services provided to Purchaser, regardless of the form of action, will be limited to Supplier's actual direct out-of-pocket expenses which are reasonably incurred by Supplier, and only to the extent that sufficient and acceptable documentary evidence is presented to Purchaser. Supplier's recovery will not in any event exceed the total amount of purchases by Purchaser during the three (3) month period immediately preceding such claim.

IN NO EVENT WILL PURCHASER BE LIABLE TO VENDOR OR ANY THIRD PARTY FOR LOST PROFITS, CONSEQUENTIAL, SPECIAL, INCIDENTAL, OR PUNITIVE DAMAGES, HOWSOEVER ARISING OUT OF OR RELATED TO PRODUCTS OR SERVICES PROVIDED TO PURCHASER, REGARDLESS OF THE BASIS OF SUCH CLAIM.

21. **WORK ON PREMISES.** If the scope of work to be performed by Supplier includes work on premises specified by Purchaser, Supplier represents that it has or will examine the premises and any Specifications or other documents furnished in connection with the items, and satisfy itself as to the safe and acceptable condition of the premises and site. Supplier agrees that no allowance shall be made in respect of any error as to any of the foregoing on the part of Supplier. Supplier shall abide by all rules, policies, procedures and requirements of Purchaser's Environmental and Safety Statement. Supplier shall at all times keep the premises free from accumulations of waste material, hazards or rubbish. Upon completion of the work by Supplier, Supplier will leave the premises and the items broom clean. Risk of loss or damage to Supplier's materials or equipment, or risk of personal injury, dismemberment or death to Suppliers' employees, agents or sub-contractors while on premises specified by Purchaser, shall remain with Supplier. Purchaser shall have no responsibility or liability to Supplier and Supplier shall defend, indemnify and hold harmless, Purchaser against anyone claiming through or related to Supplier, with respect to any loss, damage, injury, dismemberment or death, notwithstanding the fact that facilities or storage space on such premises is provided by Purchaser. Supplier will provide Purchaser a certificate of sufficient insurance naming Purchaser as an additional insured.
22. **SERVICE AND REPLACEMENT PARTS.** During series production, Supplier will sell to Purchaser Products necessary for it to fulfill its current model service and replacement parts requirements at the price(s) set forth in the corresponding Sourcing Agreement, PO or Scheduling Agreement Release. If the Products are systems or modules, Supplier will sell the components or parts that comprise the system or module at a price(s) that shall not, in the aggregate, exceed the price of the system or module less assembly costs. During the fifteen (15) year period after the end of series production, Supplier will sell Products to Purchaser, and only to Purchaser, to fulfill Purchaser's past model service and replacement parts requirements. Unless otherwise agreed to by Purchaser, the price(s) during the first three (3) years of this period shall be those in effect at the conclusion of series production. For the remainder of this period, the price(s) for Products shall in all respects be reasonable and be as reasonably and mutually agreed to by the Parties. When requested by Purchaser, Supplier shall make service literature and other materials available at no additional charge to support Purchaser's and Purchaser's customer's service part sales activities.
23. **CREDITS.** Any credits or benefits resulting or arising from any Sourcing Agreement, PO or Scheduling Agreement Release shall belong to and be transferred to Purchaser.
24. **SET-OFF/RECOUPMENT.** In addition to any right of set-off or recoupment provided by law, all amounts due to Supplier shall be considered net of indebtedness of Supplier and its parent(s), affiliates or subsidiaries to Purchaser and its parent(s), affiliates or subsidiaries. Purchaser and its parent(s), affiliates or subsidiaries shall have the full and complete right to set-off against, or to recoup from, any amounts due to Supplier and its parent(s), affiliates or subsidiaries from Purchaser and its parent(s), affiliates or subsidiaries.
25. **COMPETITIVENESS.** Purchaser requires improvements in productivity and efficiency by Supplier. Supplier must remain competitive in all respects, including but not limited to price, quality, delivery and reliability. It is agreed that if new technology becomes available which would provide a different and more economical method of manufacture for the Products provided by Supplier, that Supplier shall have an obligation to undertake the implementation of such technology and processes at its own expense. The savings achieved in connection with such required improvements shall be divided equitably between the Parties, at Purchaser's sole determination and discretion, with consideration given to the source of such savings and the capital or other expenditures required to achieve such savings. Purchaser shall give Supplier written notice that Purchaser believes Supplier is no longer competitive. Supplier shall have sixty (60) days to become competitive and cure the default. If Supplier fails to become competitive within said sixty (60) day period Purchaser may thereafter terminate all or a portion of the relevant Sourcing Agreement, PO or Scheduling Agreement Release by giving not less than sixty (60) calendar days prior written notice of termination to Supplier, the "**Termination Period**". The Termination Period shall not be construed as a cure period. If Supplier is non-competitive only as to price, Supplier shall not be considered in default if within such initial sixty (60) day period Supplier matches the competitive pricing available to Purchaser. If Supplier is unable to become competitive and all or a portion of any Sourcing Agreement, PO or Scheduling Agreement Release is terminated in accordance with this provision, Purchaser

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shall have no liability or obligations to Supplier of any type or nature whatsoever, including but not limited to costs for capital investments, as to such terminated production.

26. **PAYMENT.** Invoices are payable in accordance with the terms of the applicable Sourcing Agreement, PO or Scheduling Agreement Release(s). Payment will normally issue on the payment day of the week after the date due. If Purchaser accepts early delivery, payments will be made as if the Products had been delivered on the agreed delivery date. Payment does not constitute the Purchaser's acceptance of the goods or services. For shipments to Mexico: payment will be payable only upon receipt of a hard copy of the invoice and in accord with the Sourcing Agreement, PO or Scheduling Agreement Release terms and conditions on the face of the Sourcing Agreement, PO or Scheduling Agreement Release.
27. **MODIFICATIONS.** Purchaser reserves the exclusive right to make any changes or request Supplier to make any changes related to (a) Drawings, designs and/or Specifications; (b) Shipping mode and/or packaging; and (c) Inspection location, inspection period, delivery and/or materials/services acceptance. Any and all modifications performed must have Purchaser's written authorization prior to implementation. Upon request by Purchaser, Supplier shall timely commence work on any changes to the Products so as to meet any Purchaser modified changes to the Specifications. Supplier shall not modify any Specifications or processes for the manufacture of any Products (including the processes of suppliers to Supplier), nor change suppliers to Supplier without the express written permission of Purchaser. In the event of a material change to the Specifications to the Products supplied by Supplier, Supplier will within five (5) business days (or as otherwise specified in the change request from Purchaser) notify the Purchaser in writing if the change proposed by the Purchaser will affect cost or timing. If Supplier does not timely give such written notice to Purchaser, then in such events Supplier shall continue to supply the affected Products without adjustment. If Purchaser receives a timely written notice from Supplier asserting the right to a price adjustment, then the Purchaser and the Supplier will negotiate in good faith an equitable price adjustment (increase or decrease) or a change in shipping or delivery terms. In all events, any price adjustment shall relate solely to the change in costs occasioned by the change in Specifications and Supplier shall continue to supply the Products during any negotiation or arbitration of such adjustment.
28. **AUDIT RIGHT.** Purchaser shall have the right to inspect and audit Supplier's facilities, books and records, and check all molds, tools, tooling, dies, jigs, fixtures, other capital equipment, processes, parts, documentation, costs and all other items related to any Sourcing Agreement, PO or Scheduling Agreement Release in such detail or manner as Purchaser in its sole discretion shall determine. Supplier shall retain all appropriate records for inspection or audit for a period of not less than two (2) years after the termination or expiration of a Sourcing Agreement, PO or Scheduling Agreement Release. This same right is available to Purchaser's customers. Purchaser shall have the right to audit and examine all books, records, facilities, work, material, inventories and other items relating to any termination or other type of claim by Supplier. In addition, Supplier agrees to fully cooperate with Purchaser in the event of any such investigation/examination.
29. **ADVERTISING** - Supplier shall not advertise or publicize its commercial relationship with Purchaser for any reason or purpose without the prior written consent of Purchaser.