

MAHLE Industries, Inc. Uniform Terms and Conditions of Sale

Definitions, Scope of Application

The following Terms and Conditions of Sale and Delivery (hereafter "Terms and Conditions") are incorporated, by reference, into every quotation, acknowledgement, agreement, and invoice issued by MAHLE Industries Inc., or any of its subsidiaries or affiliates (collectively "MAHLE").

Acceptance

i) The quotation issued by MAHLE (hereafter "Quotation"), whether or not in response to a Request for Quotation ("RFQ"), and as may be amended from time to time, is an offer to enter into a requirements contract with the Buyer, as identified within the Quotation, to sell the product(s) described within the quotation (the "Products") for the length of the vehicle program or length of the engine program as specified within the Quotation. The drawings, specifications, preliminary statements of work, and assignment of tasks and responsibilities, as they may be amended from time to time, are incorporated herein by reference excluding any general terms and conditions. The Buyer's purchase order terms and conditions are specifically not incorporated into the Quotation. The Buyer accepts the Quotation by: (a) signing the Quotation; (b) issuing a purchase order for the Product(s); (c) accepting delivery of the Product(s); or (d) by other conduct which fairly recognizes the existence of a contract for the purchase and sale of the Product(s).

ii) Acceptance by the Buyer shall be limited to and conditional upon the Buyer's acceptance of the terms of the Quotation exclusively. Any additional or different terms proposed by the Buyer, whether in its Purchase Order, RFQ Materials, Material Releases, Scheduling Agreements, or otherwise, are unacceptable to and expressly rejected by MAHLE. MAHLE will not be bound to any provisions in the contract(s) between the Buyer and its customer(s).

Pricing

i) The price for the Product(s) that is listed on the face of the Quotation is not subject to decrease on account of pricing to any other MAHLE customer or on account of any yearly pricing decreases unless noted on the face of the Quotation. Furthermore, the Price for the Product(s) is subject to adjustment in accordance with provisions contained in the Quotation and shall include a pass through to the Buyer of increases in: raw materials, freight charges, labor rates, and currency exchange rate fluctuations greater than 5% (in the case of currency exchange rate fluctuations, it is the exchange rate between the currency of payment and the currency of the country in which the Product(s) is manufactured). In addition, a price adjustment shall be made reflecting higher piece price costs as the result of any decrease in annual volumes greater than 20% from the Buyer's estimates in the quoting process.

ii) In addition to the price of the Product(s) as stated in the Quotation, any and all taxes (not including any income or excess profit taxes) that may be imposed by any taxing authority, arising from the sale, delivery, or use of the goods and for which MAHLE may be held responsible for collection or payment either on its own behalf, or on behalf of the Buyer, shall be paid by the Buyer to MAHLE upon MAHLE's demand.

iii) The price paid to MAHLE shall not be reduced on account of any price reduction or compromise on receivables that the Buyer may agree to with the Buyer's customer(s) for the assemblies which contain the Product(s) or for the cost of insurance or guaranty of payment (whether public or private) covering the monies owed to the Buyer by the Buyer's customer(s).

iv) MAHLE will provide sufficient documentation (without disclosing its confidential and proprietary information) to evidence any of the cost increases set forth in these paragraphs. Any engineering or other change(s) to the Product(s) by the Buyer will permit MAHLE to re-quote the Product(s) in its entirety. In the event that any change(s) to the Product(s) results in the obsolescence of any raw material or supplies reasonably purchased by MAHLE, the Buyer shall pay for such costs prior to the delivery of any modified Product(s). MAHLE shall also be able to re-quote the price for the Product(s) if the Program Life is extended or modified from the time frame contained within the Quotation.

Terms and Conditions of Payment

i) If payment terms are not contained within the Quotation, payment for the Product(s) shall be made "Net 30 Days" from the date of the invoice in US Dollars. Payment shall be rendered via electronic funds transfer or check. The receipt of payment by MAHLE shall be decisive with regard to the timeliness thereof. The Buyer shall not delay payment for goods pending inspection as identified below.

ii) In the event of delayed or deferred payment, MAHLE shall be entitled to charge normal bank interest at a rate that is 5% above MAHLE's current Weighted Average Cost of Capital without requiring formal service of default. In the event the Buyer is in payment default, MAHLE shall be entitled to re-collect the delivered Product(s) until it is paid for in full or withdraw from the Contract without waiving its claims.

iii) In the event after the execution of the Contract, MAHLE becomes aware of circumstances which challenge the creditworthiness of the Buyer, or in the event of a substantial risk of its claim to payment due to declining assets of the Buyer, or in the event that the Buyer is in arrears with respect to the payment for a purchased Product(s), MAHLE may demand advance payment or collateral within a reasonable period for the Product(s) and may refuse fulfillment of further shipments until its demand is fulfilled.

(iv) In the event that the Buyer refuses to comply, MAHLE may suspend performance or terminate its contract with the Buyer without any further liability. The Buyer will remain liable for any damages incurred by MAHLE due to the Buyer's non-performance; including payment of the costs specified in the Termination Section (ii) below.

Inspection

The remedies afforded to the Buyer for breach of Warranty (as defined below) shall be exclusive for non-conforming Product(s) and shall be cut off if the Buyer inspected, or reasonably should have inspected the Product(s) and could have discovered the non-conforming Product(s) upon such inspection.

Releases

i) MAHLE will not be liable for any direct or indirect losses, costs, damages, or any charges or expenses caused by any delay in delivering the Product(s) that are not the fault of MAHLE, nor will any such delay entitle the Buyer to terminate or rescind the Contract.

ii) The Buyer acknowledges that it has received a financial benefit from the manufacture of the Product(s) outside of North America and therefore agrees to provide MAHLE six (6) weeks of firm releases for finished Product(s) shipped into North America via ocean transport, four (4) weeks of firm releases for manufacturing (ten (10) weeks of firm releases total), and four (4) additional weeks of firm authorization to purchase raw materials.

iii) Outside of North America: In lieu of such damages against MAHLE for deliveries not in conformity with any release, MAHLE will maintain two (2) weeks of safety stock in finished Products in its distribution warehouse. Safety stock quantity will be determined by MAHLE using reasonable practice and Buyer's ordering patterns.

iv) In the event that the Buyer's actual delivery requirements exceed the anticipated delivery quantities as set forth on the firm releases, after the safety stock is depleted, the Buyer will pay for all financial aspects associated with expedited freight until the supply chain has caught up with the back log of orders.

v) The Quotation contains a maximum annual quantity based upon tooling capacity and specific scheduling. MAHLE is not obligated to increase its maximum capacity for any reason whatsoever. If MAHLE agrees to any increase in capacity, the parties must agree to new pricing and to a new delivery schedule BEFORE MAHLE ships the higher quantities.

Packaging

i) The Product(s) to be delivered hereunder shall be packaged and shipped in accordance with the agreement of the parties.

ii) In the absence of any agreement, the Product(s) shall be shipped in accordance with sound commercial practice.

iii) Unless otherwise agreed upon, export or other special packaging charges will be the responsibility of the Buyer.

Shipping, Transfer of Risk

i) Unless otherwise stated in the Quotation or in the Order Confirmation, the delivery term shall be EXW MAHLE's production facility (Incoterms 2010). Title and risk of loss of damage to all products sold will pass to the Buyer upon delivery of the Product(s) as determined by the "Incoterms" delivery term. The Buyer shall be responsible for all freight and any associated charges for any Product return(s).

ii) Any transport or other disposable packaging shall not be taken back.

MAHLE Industries, Inc. Uniform Terms and Conditions of Sale**Deliveries, Delivery Period**

- i) Partial deliveries shall be permissible without liability.
- ii) MAHLE hereby reserves the right to additional and reduced deliveries by up to 10%.
- iii) In the event that the delivery of a firm release is delayed upon the request of the Buyer, the Product(s) shall be invoiced as if delivered on the date stated in the release and taken into custody at the risk and expense of the Buyer at MAHLE.
- iv) The delivery period shall be extended by the duration of an event of force majeure, labor strike, inability to perform not caused by MAHLE, as well as any adverse weather conditions.
- v) In the event that the Buyer falls into arrears in accepting delivery, or violates any other cooperation duties, MAHLE shall be entitled to give preference to other third-party orders and reasonably extend the delivery period. Irrespective of any further claims, MAHLE shall be entitled to demand that any damages it incurs in this regard, including any additional expenses, be compensated.

Warranty

- i) MAHLE warrants to the Buyer that, at the time of delivery, the goods will be free from defects in material and workmanship and will conform to the specifications as stipulated in this contract. The Buyer shall inform MAHLE immediately in writing of any defects in the delivered Product(s) as soon as such are determined in accordance with the circumstances of the ordinary course of business. For Product(s) installed as new, used, or sold as service or replacement parts, or unless otherwise agreed to on the face of the Quotation, or in another written agreement, the Warranty Period begins on the date that the Product(s) are delivered to the Buyer (or a related company or third party designated by the Buyer) and expires on the date that is the later of the following: (a) The date on which the period of the Warranty provided by the Buyer (or one of its related companies) for the Product(s) ends, (b) The date on which the period remaining under the applicable New Product Warranty covering the Product(s) ends or, (c) The date on which any longer or broader Government Requirement covering the Product(s) ends.
- ii) Non-conformance of the Product(s) with this warranty shall be determined by a robust root cause analysis of all (or if impractical, a statistically significant random sample) of the Product(s). MAHLE has the right to fully participate in the root cause analysis and to conduct its own testing. Liability, if any, will be allocated based upon the degree of fault as found by the root cause analysis.
- iii) Unless specifically called out in the Statement of Work (SOW), prints, or specifications, MAHLE is not responsible for nor liable to the Buyer for damages (for breach of warranty or otherwise) arising out of, or related to, the selection of the Product(s) for the Buyer, the integration of the Product(s) into any assembly manufactured by the Buyer, placement of the Product(s) within the Buyer's assembly or vehicle, and/or additional shielding or protection of the Product(s) as a result of the environment in which the Product(s) operates.

iv) No warranty claims shall arise in the event that the defect can be traced to the violation of operating instructions, maintenance and installation provisions, unsuitable or improper use, incorrect or negligent treatment, and natural wear and tear, as well as any interference with the delivered Product(s) by the Buyer or third parties.

v) Conformance of the Product(s) to the Buyer's written specifications, or which could not be discovered based upon the testing agreed to between MAHLE and the Buyer, is an absolute defense to warranty liability.

vi) In the event that the Product(s) are non-conforming, MAHLE's sole liability to the Buyer and/or Buyer's Customer(s) and the Buyer's and/or Buyer's Customer(s)' sole remedy under this warranty (whether or not the non-conforming Product(s) have been installed in vehicles and must be the subject of a recall or service action) is limited to the repair or replacement of the non conforming Product(s); provided, however, that written notice that the Product(s) is non-conforming is given by the Buyer to MAHLE within ninety (90) days after the delivery of the Product(s) (or if the Buyer's inspection of the goods could not have revealed the non-conformity, within thirty (30) days after discovery).

vii) Transportation charges for the return of purportedly non-conforming Product(s) to MAHLE, and the shipment of replacement Product(s) to the Buyer, will be borne by MAHLE only if such goods are returned in accordance with MAHLE's RMA procedure.

viii) MAHLE warrants to the Buyer that it has conveyed good title to the Product(s) sold hereunder.

ix) MAHLE's liability and Buyer's remedy under this warranty is limited to the removal of any title defect or, at MAHLE's election, the replacement of the Product(s) which are in the defective title.

THE FOREGOING WARRANTIES ARE EXCLUSIVE AND ARE GIVEN AND ACCEPTED IN LIEU OF (a) ANY AND ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE; AND (b) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM, OR REMEDY IN CONTRACT OR TORT, WHETHER OR NOT ARISING FROM MAHLE'S NEGLIGENCE. THE REMEDIES OF THE BUYER SHALL BE LIMITED TO THOSE PROVIDED HEREIN TO THE EXCLUSION OF ANY AND ALL OTHER REMEDIES, INCLUDING WITHOUT LIMITATION, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES. NO AGREEMENT VARYING OR EXTENDING THE FOREGOING WARRANTIES, REMEDIES OR THIS LIMITATION WILL BE BINDING UPON MAHLE UNLESS IN WRITING AND SIGNED BY A DULY AUTHORIZED OFFICER OF MAHLE.

Liability

i) In the event that any remedy under these Terms and Conditions fails of their essential purpose and monetary damages may be imposed, MAHLE's liability, whether founded in contract or tort (including negligence), arising out of or resulting from (a) this Contract, or the performance, or breach thereof (b) the design, manufacture, delivery, sale, repair, replacement, or (c) the use of any such product, or the furnishing of any such service, is limited to the aggregate purchase price for the non-conforming Product(s) at issue.

ii) Unless another liability provision is arranged elsewhere in these Terms and Conditions, MAHLE shall only be obligated to compensate damage incurred by the Buyer, directly or indirectly, as a result of incorrect delivery, due to violation of official safety provisions, or for any other legal basis attributed to MAHLE as follows:

a) Damage compensation shall, in principle, only be given in the event that MAHLE is at fault for the damage caused by it.

b) In the event that recourse is not taken against the Buyer due to non-mandatory law based on liability vis-à-vis third parties, MAHLE shall subrogate the Buyer to the extent that the Buyer would also be directly liable.

c) The obligation to compensate for damages shall be excluded in the event that the Buyer effectively limits the liability vis-à-vis its customer(s) on its behalf. The Buyer shall endeavor to agree upon limitations of liabilities in a legally permissible scope in favor of MAHLE.

d) The Buyer's claims shall be excluded insofar as the damage can be traced to the Buyer's violation of the operating instructions, maintenance and installation provisions, unsuitable or improper use, incorrect or negligent treatment, natural wear and tear, or incorrect repairs.

e) MAHLE shall be liable for measures of the Buyer to prevent damage (e.g., recall operation) insofar as MAHLE is legally obligated in this regard.

f) The Buyer shall inform and consult MAHLE immediately and conclusively in the event that the Buyer intends to take recourse against MAHLE in accordance with the above provisions. The Buyer shall give MAHLE the opportunity to inspect the damage event. The Parties shall agree on the measure(s) to be taken, in particular, with regard to compensation negotiations.

MAHLE Industries, Inc. Uniform Terms and Conditions of Sale**Intellectual Property**

i) In the absence of a written agreement to the contrary, all rights, title to, and interests in all intellectual property (including patents, copyright, design rights, and trade marks) and materials (including all plans, diagrams, specifications, designs, data, drawings, and models) which are background intellectual property and/or which have been developed, designed, or generated by MAHLE in the performance of the Contract shall be owned by MAHLE as the legal and beneficial owner.

ii) The Buyer is granted a limited non-exclusive license to use, sell, and repair the Product(s) as needed to incorporate the Product(s) into its assembly.

iii) All rights, title to, and interests in all intellectual property (including patents, copyright, design rights, and trade marks) and materials (including all plans, diagrams, specifications, designs, data, drawings, and models) which are developed, designed, or generated by the Buyer shall be owned by the Buyer.

iv) MAHLE shall conduct, at its own expense, the entire defense of any claim, suit, or action alleging that the use or resale by the Buyer, or any subsequent purchaser or user of the Product(s) directly infringes upon any US or European patent, but only on the condition that: (a) MAHLE receives prompt written notice of such claim, suit, or action and is given the full opportunity and authority to assume the sole defense thereof, including settlement and appeals, and all information available to and the cooperation of the Buyer for such defense, (b) The Product(s) were made according to a specification or design furnished by MAHLE, or, if a process patent is involved, the process was recommended in writing by MAHLE, (c) The claim, suit, or action is brought against the Buyer, or an entity, expressly indemnified by the Buyer.

v) Provided that all of the foregoing conditions have been met, MAHLE shall, at its own expense, either settle said claim, suit, or action, or shall pay all damages excluding any and all incidental, indirect, accidental, or consequential damages and costs awarded by the court therein ("MAHLE's Defense Obligation").

vi) If the use or resale of such goods is finally enjoined, MAHLE shall, at MAHLE's opinion (a) procure for the Buyer the right to use or resell the Product(s), (b) replace the Product(s) with equivalent non-infringing goods, (c) modify the Product(s) so they become non-infringing but equivalent, (d) refund the purchase price, less a reasonable allowance for use, damage, and obsolescence to the Buyer.

Tooling

Unless otherwise specifically agreed to in writing, the title to and rights of possession to any tools, dies, jigs, fixtures, or patterns used in the manufacture of the Product(s) shall remain with MAHLE, even though the Buyer may have paid all, or in part, of the cost thereof. In consideration of the pricing contained within the Quotation, MAHLE shall have the right to utilize any and all tooling used in the manufacture of the Products to manufacture the Products for the Aftermarket, without the payment of any royalty or fee(s) to the Buyer.

Force Majeure

i) In the event of war, fire, epidemics, quarantine restrictions, flood, strike, labor trouble, breakage of equipment, accident, riot, the imposition of any government price control regulations, or any other act of governmental authority, acts of God, or other contingencies (whether similar or dissimilar to the foregoing) beyond the reasonable control of MAHLE, interfering with the production, supply, transportation, or consumption practice of MAHLE at the time respecting the products covered by the agreement between the parties, or in the event of inability to obtain on terms deemed by MAHLE to be practicable, any raw material (including energy source) used in connection therewith, quantities so affected shall be eliminated from the contract without liability, but the contract shall otherwise remain unaffected.

ii) To the extent that such circumstances cause MAHLE to reduce or suspend its production and deliveries, MAHLE shall not be charged with any liability for delay or non-delivery and the time for performance shall be extended for as many days beyond the date thereof as are required to obtain the removal of such causes.

iii) MAHLE may also, during any period of shortage due to any of these causes: (a) allocate its supply of such raw material among its various uses therefore (e.g. manufacturing and sales) in such manner as MAHLE deems practicable and allocate its supply of such Product(s) among such various uses thereof in any manner in which MAHLE deems fair and reasonable, and/or (b) at the request of the Buyer, obtain substitute raw material(s) or component part(s) at the then prevailing market price, which price shall be passed through and paid by the Buyer.

Indemnification

i) MAHLE's obligation to indemnify, defend, and hold Buyer harmless arising from any set of facts is limited to: (a) Claims brought by third-parties unrelated to the Buyer, (b) The damages are caused by a non-conforming Product(s) and/or MAHLE's negligence, (c) Buyer is without default.

ii) MAHLE will conduct the defense of the claim in accordance with MAHLE's Defense Obligations set forth above. All liability shall be apportioned in relation to the fault of MAHLE, the Buyer, and any other Supplier which might be liable.

Setoff

The Buyer may not set off, or otherwise debit against, or recoup, from any amounts due or to become due to MAHLE or any amounts due, or to become due to Buyer, however and whenever arising.

Termination

i) MAHLE may terminate its contract with the Buyer as a result of the Buyer's: (a) Breach of any representation, warranty, or other term of the Contract, (b) Repudiation, breach, or threat to breach any of the terms of the Contract, (c) Making an assignment for the benefit of creditors, or proceedings in bankruptcy or insolvency that are instituted by or against the Buyer, (d) Request for accommodation from Seller, financial or otherwise, in order to meet its obligations under the Contract, (e) Entering or offering to enter into a transaction that includes a sale of a substantial portion of its assets or a merger, sale, or exchange of stock or other equity interests that would result in a change in control of the Supplier within the meaning of Section 409A of the Internal Revenue Code and regulations issued thereunder, (f) If the Buyer's financial, or other condition(s), endanger the Buyer's ability to perform.

ii) If the Buyer terminates this contract prior to the end of the vehicle or engine program; as agreed upon in the Quotation, the Buyer shall, within forty five days (45), pay to MAHLE: (a) The contract price for all finished Product(s) that have been manufactured prior to termination, (b) The cost of all work in process (based upon the contract price times percentage of completion), (c) The cost of all un-fabricated raw materials purchased by MAHLE in connection with the contract, (d) All costs anticipated by MAHLE to be amortized in the piece price over the expected volumes of the vehicle program (including, without limitation, capital equipment, tooling, and machinery).

iii) MAHLE is not obligated to release any of the Buyer's tooling, nor provide any transition support to the Buyer relating to the supply of the Product(s), until the Buyer makes all termination payments.

Applicable Law

i) Unless expressly agreed upon otherwise, the contract between MAHLE and the Buyer shall be governed by Michigan law.

iii) The provisions of the United Nations Convention on Contracts for the International Sale of Goods, and any conflict-of-law provisions that would require application of another choice of law, are excluded.

Waiver

Waiver by either party of a breach of any of the terms and conditions of this contract shall not constitute a waiver of any other breach of the same or any other term.

Entire Contract

The contract to which these terms and conditions are attached constitutes the entire agreement between the parties, and no modification of this contract shall be binding unless in writing and signed by both parties hereto.

Farmington Hills, April 2012