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**1. ACCEPTANCE:** This order is Buyer's offer to purchase the goods or services (the "Products") described in this order. Acceptance of this offer is limited to its terms. This order consists only of the terms contained herein and in any documents or specifications expressly incorporated herein by reference. For purposes of this order, the term Seller includes any seller of goods and/or seller/contractor providing services hereunder.

Seller is expected to promptly accept this order in writing; however, if Seller does not accept this order in writing, any conduct by Seller which recognizes the existence of a contract pertaining to the subject matter of this order, including the provision of Products to Buyer as contemplated herein, shall constitute acceptance by Seller of this order and all of its terms and conditions. Buyer expressly rejects any terms proposed by Seller in accepting this offer, or otherwise, which are in addition to, or different from, those contained in this offer, including any terms of Seller which are contained in any quotation, proposal or order confirmation furnished by Seller, and no such additional or different terms shall apply unless explicitly agreed to in writing by an authorized representative of Buyer.

**2. BLANKET ORDERS:** If this order is identified as a "blanket order", Buyer shall issue a "Vendor Release and Shipping Schedule" to Seller for specific part revisions, quantities and delivery dates for Products. Buyer shall have the right to cancel, adjust or reschedule the quantities of Products shown in such "Vendor Release and Shipping Schedule," except that it may not cancel, adjust or reschedule the Products shown as "Firm Obligations" on such "Vendor Release and Shipping Schedule" without Seller's agreement. Seller will retrieve the releases through electronic data interchange (EDI) or the Buyer's web supplier portal.

**3. WARRANTY:** Seller warrants that it has good title to the Products, free and clear of all liens and security interests. Seller warrants that the Products will conform to any drawings, specifications, statements of work, samples, and/ or other descriptions and requirements relating to the Products furnished by Buyer as part of this order. Seller warrants that Products will be merchantable, fit and sufficient for the purpose intended, free from defects including, but not limited to, defects in design, materials and workmanship, and in compliance with all applicable statutes, regulations and industry standards; provided, however, that Seller shall not be responsible for any such defect or non-conformity in the Products to the extent due to Seller's conformance to any drawings, specifications, statements of work, samples, and/or other descriptions or requirements of Buyer.

These warranties shall survive inspection, test, acceptance of, and payment for, the Products and shall run to Buyer and its customers, end users and end customers. Buyer shall have all legally

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available remedies for breach of warranty. These remedies shall be in addition to any other remedies that may be available to Buyer by statute, contract, these terms, or otherwise, for breach of warranty. In addition to such other remedies, which shall include the right to require Seller to reimburse Buyer for any payments it may be required to make to its customers, end users and end customers attributable to Seller's breach of warranty, Buyer may either elect to receive a credit or refund from Seller with respect to the defective or nonconforming Products or part thereof or to require prompt correction or replacement of the defective or nonconforming Product or part thereof by Seller or at Seller's sole cost and expense. In the event that Buyer incurs costs and charges associated with containment activities resulting from, or attributable to, a breach of the foregoing warranties of Seller, then Seller shall reimburse Buyer for all such costs and charges including, but not limited to, those relating to shipping, handling, processing, reworking, inspecting and replacing defective material, including the costs of value-added operations performed prior to the discovery of the non-conformance, as well as any third party inspection costs.

Seller's warranty hereunder will be coterminous with the warranty terms as to time and/or mileage extended by Buyer to its customers, end users or end customers for the Products or end products employing any such Products as a part or component thereof. If additional warranty periods as to time and/or mileage are imposed by agreement or otherwise on Buyer by its customers, end users, end customers or governmental action, Seller's warranty terms as to time and/or mileage will extend and be coterminous with such additional warranty periods. For the avoidance of doubt, Seller understands that the Products or end products employing any such Products as a part or component thereof may be subject to different warranty periods as may be provided by Buyer, Buyer's customers, end users or end customers. Consequently, Seller agrees that its warranty obligations under this Section 3, will correspond to such different warranty periods.

Seller will cooperate with Buyer in various initiatives and programs Buyer might implement designed to improve quality, increase customer, or end user satisfaction, or reduce warranty costs. All Sellers are required to participate in these initiatives and programs to the extent requested by Buyer. Seller can learn more about such initiatives and programs by contacting Buyer and by accessing Buyer's website established for supplier-related matters. Buyer's and Seller's obligations to treat information received under any such warranty reduction program or initiative as confidential information are described in Section 10. If Seller initiates such a program or initiative covering the Products, Seller and Buyer will agree upon the extent, if any, to which the terms of such a program or initiative take precedence over or modify the terms contained herein.

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**4. QUALITY ASSURANCE:** Seller shall qualify as an acceptable vendor in compliance with the requirements of the Buyer's Supplier Quality Systems Requirements (SQSR) within a reasonable time after Seller accepts Buyer's initial order for Products. Seller shall also supply initial samples and documentation per the Production Part Approval Process (PPAP) for approval prior to the commencement of production runs by Seller and shall not supply additional Products until such approval has been received. In particular, prototype parts supplied by Seller hereunder must comply with Meritor Procedure Number P 7.01.11. If Seller does not supply reports as required, Buyer may either reject the samples or inspect and test the samples itself and invoice Seller for such work at the rate of \$135.00 USD per hour, as the same may be revised from time-to-time by Buyer. After its initial qualification, Seller shall maintain its status as an acceptable vendor under Buyer's requirements, including those set forth in the SQSR.

**5. SERVICE AND REPLACEMENT PARTS:** If requested by Buyer, Seller will produce and sell to Buyer pursuant to the provisions of this order Products necessary for Buyer to fulfill its current model service and replacement parts requirements at the prices set forth in this order. During the fifteen (15) year period after Buyer completes current model purchases, Seller will produce and sell to Buyer, pursuant to the provisions of this order, all Products necessary for Buyer to fulfill its past model service and replacement parts requirements. Unless otherwise agreed to by Buyer, the price(s) for such Products during the first five (5) years after Buyer completes current model purchases will be those in effect at the conclusion of current model purchases. For the remainder of the fifteen-year period, the prices for such Products will be as agreed to by the parties based upon good faith negotiations. If Buyer or any of its related companies has a legal obligation to make the service and replacement parts available for a longer period, then Buyer will so advise Seller and Seller will supply the service and replacement parts for this longer time period.

**6. PRICES AND PRICE ADJUSTMENTS:** The prices shown in this order shall, except as explicitly provided in this Section 6, remain firm throughout the term of this order unless Buyer expressly agrees to adjust such prices through a purchase order revision. The prices shown include all applicable charges to be invoiced to Buyer and, if Seller determines that any agreed upon charge for dunnage, pallets, handling, or otherwise, has not been included in such prices, then Seller must notify Buyer of any such additional charge prior to Seller's acceptance of this order or Seller's first provision of Products hereunder. Seller shall only invoice taxes which it is required by law to collect from Buyer and shall not invoice any tax for which Buyer has furnished a valid tax exemption certificate. Any tax included on the invoice shall be shown on a separate line labeled "tax". Seller represents that its prices charged for Products under this order are at least as low as the prices charged by Seller to buyers of the same kind as Buyer under conditions substantially similar to those specified in this order.

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Unless Buyer explicitly agrees in writing to the contrary, Seller shall not be entitled to any price increases hereunder other than those price increases that result from the application of the materials adjustment mechanism agreed to, in writing, by the parties hereto. Buyer shall have the right, in its sole discretion, to accept or reject, in whole or in part, any other request for a price increase made by Seller and with respect to any such price increase request, Seller agrees that:

- (1) Seller shall not be entitled to pass through any price increase from a subsupplier whom Seller has been directed to use by Buyer unless and until such price increase has been reviewed and approved by Buyer.
- (2) Any price increase request by Seller must be supported by a submission, by Seller, of such supporting information as may be reasonably required by Buyer and in the format required by Buyer. Seller acknowledges that any price increase request that does not comply with Buyer's required format will require a minimum of ninety (90) days to resolve.
- (3) Prior to consideration of any such price increase, Seller agrees to have a third party conduct, at Seller's sole expense, a lean assessment approved by Buyer in order to determine whether Seller has margin enhancement opportunities that could be implemented in lieu of Seller's proposed price increase request.

In the event that Buyer and Seller are not able to agree upon a price increase acceptable to both parties, then Seller agrees to continue to sell the Products to Buyer at the existing prices for such products, without interruption, for a minimum period of twelve (12) months and otherwise to cooperate with Buyer to allow Buyer to resource the Products in question to an alternative supplier.

**7. SHIPPING AND DELIVERY:** Seller will comply with Buyer's "ship to" and "bill to" instructions as shown in this order or in the applicable "Vendor Release and Shipping Schedule." Seller will follow packaging specifications as prescribed by the Buyer, including the use of bar-coding at item and package levels, or any other Buyer-defined identification method. All new packaging must be pre-approved by the Buyer. Seller will send an Advance Shipment Notification (ASN) to the Buyer via electronic data interchange (EDI) or Buyer's web portal for all shipments. The ASN must include all applicable charges that will be invoiced to Buyer. Failure to provide an accurate and complete ASN prior to receipt of product by Seller may result in administrative charges. In the event of any discrepancy between Seller's invoices and Buyer's receiving records, Seller shall fully cooperate with Buyer to resolve all such issues within sixty days after the identification of such discrepancy, including Seller's reconciling its packing slip number to its invoice number.

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Seller will route its shipments in accordance with instructions of Buyer or its shipping agent. Title to and risk of loss of the Products shall pass to Buyer upon delivery of the Products in accordance with the shipping terms specified by Buyer. Seller understands that Buyer establishes its manufacturing schedules in reliance on Seller's timely performance of this order and that time is of the essence in Seller's performance. In the event of delays in timely performance attributable to Seller or its agents, Seller shall be responsible for all costs and expenses resulting from such delays, including all costs and expenses imposed on Buyer by its customers, end users and end customers. Additionally, Seller shall also bear the costs and expenses of expedited freight, which may be required to mitigate such Seller delays. Seller agrees to show the engineering revision level of the Products shipped on all shipping documents.

**8. INSPECTION:** Buyer and/or Buyer's customer shall have the right to review any designs, drawings or specifications prepared by Seller under this order and to inspect and test Products at Seller's premises prior to delivery to Buyer. Buyer shall also have the right to inspect Products at Buyer's plant within a reasonable time after delivery. Any review, inspection or test by Buyer under this section shall not relieve or excuse Seller from its obligations under this order. For the avoidance of doubt, Seller understands that the foregoing rights of inspection notwithstanding, Buyer and/or Buyer's customer do not have an affirmative obligation to inspect the Products and may choose not to inspect the Products. Notwithstanding any such inspection, Buyer and/or Buyer's customer shall be entitled to rely on Seller's full and accurate compliance with the order issued by Buyer, and on Seller's warranties arising by statute, contract, these terms or otherwise.

**9. CHANGES:** By giving written notice to Seller, Buyer may modify, at any time, the specifications, designs or drawings, samples or other descriptions to which the Products are to conform or the methods of shipment and packaging, or the place of delivery, of the Products. If such modification affects the cost of, or the time required for the performance of, any part of the work under this order, and if Seller makes a written claim for adjustment within thirty (30) days after receipt of the written notice requiring such modifications, then Buyer shall make an equitable adjustment to the terms of this order within a reasonable time. Only modifications for which Buyer submits a written notice to Seller shall become part of this order.

**10. INFORMATION:** If Buyer supplies business or technical information to Seller in association with this order, including, but not limited to, drawings, data, designs, prototypes, inventions and computer software, then such information shall remain Buyer's property and Seller shall hold it in confidence and regard it as confidential information. Seller shall not reproduce, use or disclose such information to others for any purposes without Buyer's prior written consent and Seller shall

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not use such information for its own benefit without benefit to Buyer or to the detriment of Buyer. Seller may use Buyer's confidential information only for the production and supply of Products to Buyer. Such information shall be returned to Buyer upon completion by Seller of its obligations under this order or at any time upon Buyer's demand, along with all copies Seller has made and all other documents in which such information has been incorporated.

Unless Buyer has entered into a separate written non-disclosure agreement with Seller, and such agreement is specifically incorporated by reference herein, any information which Seller may disclose to Buyer with respect to the design, manufacture, sale, or use of the Products covered by this order shall be deemed to have been disclosed as part of the consideration for this order, and Buyer shall be free to use such information. Seller grants to Buyer a non exclusive, worldwide right and license to use Seller's intellectual property rights to obtain from alternate sources products and services similar to the products and services for use in vehicles and/or component parts covered by this order. There will be no fee for this license if (1) Buyer terminates this order for Seller's default, or (2) Seller terminates this order other than for Buyer's default. Otherwise, the parties will negotiate a commercially reasonable fee for Buyer's use of the Seller's intellectual property rights.

Seller shall have no right to use Buyer's marks, trademarks, or trade names except as specifically authorized in writing by Buyer for use in association with the Products under this order.

Seller hereby grants to Buyer the worldwide, irrevocable right to repair, reconstruct, or rebuild, and to have repaired, reconstructed, or rebuilt, the Products delivered under this order without payment of any royalty or any other consideration to Seller.

All intellectual property rights in any data, creative works, computer programs, inventions (whether or not patentable), industrial designs, manufacturing processes, technical information, and know-how associated with or incorporated in the Products which is created, developed, or first conceived or reduced to practice by or on behalf of the Seller, including without limitation by any person or entity employed or working under the direction of Seller, and which Buyer has agreed to reimburse (whether by lump sum payment or as a portion of the piece price or otherwise) or has actually reimbursed Seller, are and shall be the sole and exclusive property of Buyer. Seller hereby agrees that it shall cause its employees to sign any papers necessary to enable Buyer to file applications for patents or to otherwise secure and record rights in such intellectual property throughout the world. To the extent that such intellectual property includes any works of authorship (including, computer programs and works described under 17 USC § 102) such works shall be considered "works made for hire", and to the extent that such works do

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not qualify as "works made for hire", Seller agrees to and hereby does assign to Buyer all rights, title, and interest in and to all copyrights and moral rights therein.

**11. BUYER'S PROPERTY:** All property used by Seller in connection with this order which Buyer owns and delivers to Seller, or pays Seller for, including, but not limited to, tools, dies, jigs, molds, patterns, fixtures and equipment and any replacement thereof, shall be and remain the property of Buyer. For the avoidance of doubt, any tools, dies, jigs, molds, patterns, fixtures and equipment, and any replacement thereof, paid for by Buyer shall be owned by Buyer, notwithstanding any language to the contrary in any quotation, order acknowledgment or other documentation provided by Seller and Buyer's issuance of any such purchase order and Seller's acceptance of payments called for therein shall be conclusive evidence of such ownership. Buyer may elect, in its sole discretion, to do an annual reconciliation of all property of Buyer then in the possession or control of Seller.

Buyer may remove or inspect such property at any time and Buyer shall have free access to Seller's premises for such purposes. All property owned by Buyer shall be marked as Buyer's property (including having tags affixed by Buyer, should it elect to do so in its sole discretion) and used only for performing Buyer's orders. Seller shall maintain and repair such property and return it to Buyer in its original condition, reasonable wear and tear excepted, at the request of the Buyer. Should Seller fail or refuse to return any such property to Buyer promptly upon Buyer's request, then at the sole option of Buyer, and without limiting Buyer's right to pursue any other remedies that Buyer may have against Seller as a result of Seller's failure or refusal to return such property, whether at law or in equity: (i) Buyer may take any legal action necessary to recover such property (in which case Seller shall be required to reimburse Buyer for all of Buyer's cost and expenses, including reasonable attorneys fees, incurred in connection therewith); or (ii) Seller shall reimburse the full amount paid by Buyer for such property, together with interest thereon at the then current prime lending rate plus four percent calculated from the date of Buyer's payment for such property.

In addition, Seller hereby grants to Buyer an exclusive, irrevocable option to purchase at the then current book value any Seller owned tools, dies, jigs, molds, patterns, fixtures and equipment used by Seller exclusively to produce or manufacture Products. Buyer may exercise its option to purchase under this Section 11 at any time during the term of the order or within three (3) months after expiration or any termination thereof.

**12. INDEMNITY:** Seller shall defend, indemnify and hold Buyer, its successors and assigns, their principals, affiliates and subsidiaries, including their respective directors, officers, employees,

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agents and representatives, harmless from and against any and all liabilities, damages, losses, claims, demands, actions, costs and expenses (including actual fees for attorneys, experts and consultants, settlement costs and judgments), occasioned by, resulting from, or arising out of any claim, by whomever asserted and regardless of nature or kind, including without limitation, for personal injuries (including death) and damage to property, whether in tort or under contract, directly or indirectly, in whole or in part occasioned by, resulting from, or arising out of (a) any defect or alleged defect in the Products supplied by the Seller; (b) any noncompliance or alleged noncompliance by the Seller with any of its representations, warranties or obligations under this order or any release; or (c) any negligence or fault, or alleged negligence or fault of the Seller in connection with the design, production, or manufacture of the Products.

Seller represents that all Products supplied under this order shall be original to Seller and shall not incorporate or infringe upon any intellectual property rights of any third party. Seller shall defend, indemnify and hold Buyer, its successors and assigns, their principals, affiliates and subsidiaries, including their respective directors, officers, employees, agents and representatives, customers and users of the Products harmless from and against any and all losses, damages or liabilities, including costs and expenses (including actual fees for attorneys, experts and consultants, settlement costs and judgments) which may be incurred on account of any suit, claim, judgment or demand involving infringement or alleged infringement of any patent, copyright, trademark, industrial design right or any other intellectual property rights in the manufacture, use, import, sale or other disposition of the Products supplied under this order. Further, should Buyer's manufacture, use, import, sale or other disposition of the Products supplied under this order be enjoined due to actual or alleged infringement of any such patent, copyright, trademark, industrial design right, or any other intellectual property right of any third party, Seller shall, at its own expense, promptly (i) procure for Buyer the right to continue using the Products; (ii) replace such Products with a product of equal or greater functionality to Buyer; or (iii) modify such Product so it becomes non-infringing. Buyer shall provide timely notice to Seller of any suit, claim, judgment, or demand against it and shall permit Seller to defend or settle such suit, claim, judgment or demand provided that such defense or settlement does not prejudice the rights of or create obligations upon Buyer. Seller shall promptly notify Buyer of any suspected claims of which it becomes aware. Seller shall have no liability under this subsection to the extent that any suit, claim, judgment, or demand involves infringement or alleged infringement arising solely from a design specifically provided by Buyer and incorporated into the Products supplied under this order.

**13. RELEASE OF INFORMATION AND ADVERTISING:** Seller and Buyer agree that this order is confidential business information. Neither of them, without the prior written consent of the other,

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shall make any news release or public announcement of this order or advertise or publish the fact that Buyer has placed this order with Seller.

**14. ASSIGNMENT:** Seller may not assign this order, or any of Seller's rights or duties under this order, including any assignment by operation of law, nor subcontract the performance of any of its duties under this order, without Buyer's prior written consent, which consent Buyer may, in its sole discretion, withhold. The terms and conditions of this order shall bind any permitted successors and assigns of Seller.

**15. EXCUSABLE DELAYS:** Neither Seller nor Buyer shall be liable for damages for delay in or prevention of its performance of this order arising out of causes beyond its reasonable control and without its fault including, but not limited to, acts of God or of the public enemy, acts of any Government in either its sovereign or contractual capacity, fires, floods, or freight embargoes. A party seeking to have its performance under this order excused pursuant to the terms of this section must notify the other party in writing within ten (10) days after the beginning of any cause which may excuse its performance hereunder. If all or any material portion of Seller's performance under this order is excused, or is reasonably anticipated to be excused, under this section for a period exceeding thirty (30) days, Buyer shall have the right to terminate this order immediately upon written notice to Seller without further liability or obligation to Seller. For the avoidance of doubt, Seller understands and agrees that strikes, lockouts or other labor disputes shall not be considered events of excusable delay for purposes of this order. Notwithstanding anything herein to the contrary, however, the party whose performance is excused hereunder, in whole or in part, shall nonetheless be obligated to continue to use commercially reasonable efforts to recommence performance, to the greatest extent possible, without delay

**16. TERMINATION RIGHTS:** Buyer may terminate the performance of work under this order (or any part thereof) at any time without cause upon written notice of termination to Seller. Upon receipt of such notice, Seller shall, unless the notice directs otherwise, immediately discontinue work under this order. Within thirty (30) days after receipt of the written notice of termination, Seller shall submit any claim for its expenses resulting from the termination and Buyer shall promptly make a reasonable settlement of the claim. The foregoing notwithstanding, Seller agrees that it will, in no event, be entitled to claim or recover under any such settlement or otherwise for its development costs, lost profits or any other expense, loss, damage or liability in the nature of consequential, indirect, or special damages. Buyer shall only consider those direct out-of-pocket expenses actually incurred by Seller which are directly attributable to Buyer's termination pursuant to this paragraph of this Section 16. Moreover, Seller shall not be entitled to seek recovery for its costs of tooling used for the manufacture of Products unless Buyer and

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Seller have entered into a separate written agreement pursuant to which Buyer has agreed to be responsible for such costs.

Buyer may terminate the performance of work under this order (or any part thereof) for cause upon written notice of termination to Seller if (a) Seller fails to cure any material failure to perform, discharge or fulfill its obligations under this order to the reasonable satisfaction of Buyer within ten (10) days after receipt of a written notice from Buyer that Buyer considers Seller to be in default under this order; or (b) Seller, without the prior written consent of Buyer, assigns or transfers all or part of its rights and obligations, or subcontracts the performance of any of its duties, under this order to another person, either voluntarily and/or by operation of law; or (c) Buyer has reasonable grounds for insecurity about Seller's ability to continue to perform this order satisfactorily, including Seller's ability to maintain acceptable quality standards and delivery schedules, or a satisfactory financial condition.

In addition to the foregoing, Buyer may terminate the performance of work under this order (or any part thereof ) for cause upon written notice to Seller if Seller is unable, in the reasonable judgment of Buyer, to remain competitive in terms of price, technology, quality or other material terms of sale with other suppliers of such products, and fails to re-establish its competitive position to the reasonable satisfaction of Buyer within ninety (90) days after Buyer notifies Seller of such issue, specifying the manner in which such products have become uncompetitive.

**17. HAZARDOUS MATERIALS & RESTRICTED SUBSTANCES:** Seller shall notify Buyer of all "hazardous materials" (as that term is defined in applicable federal, state and local statutes) which are contained in the Products. Seller shall furnish Buyer with copies of all applicable "Material Safety Data Sheets" for Products no later than the initial shipment date under this order. Seller shall also comply with all laws, orders and regulations pertaining to the use, storage, transportation and disposal of restricted, toxic and hazardous materials. For Products that are incorporated into Buyer's customers' products, Seller shall disclose restricted, toxic and hazardous materials information to Buyer upon request. Such disclosure shall include, but is not limited to, Seller's entry of parts information into the International Material Data System ("IMDS") and forwarding such information to Buyer (IMDS ID #2199). At a minimum, Seller shall disclose those materials listed on the IMDS International List of Reportable Substances.

**18. RECALL CAMPAIGNS:** Seller shall indemnify and hold Buyer harmless against all losses, liabilities, damages, costs and expenses incurred by Buyer or its customers if Buyer recalls from Buyer's customers or others any Products furnished hereunder or an end product employing any such Products as a part or component thereof or repairs, replaces or refunds the purchase price

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of such Products or end product. This indemnity shall apply only if the recall, repair, replacement or refund (a) is required pursuant to applicable statutes, laws or regulations; (b) is required pursuant to Buyer's contractual obligations to its customers, end users or end customers; or (c) in Buyer's reasonable commercial judgment, is necessary to preserve Buyer's commercial reputation as a supplier of reliable, high quality products. If Seller's Products are not the sole cause of such action by Buyer, then Buyer shall apportion its costs, damages and expenses as it shall determine is reasonable and equitable. Buyer shall use reasonable efforts to inform Seller promptly after Buyer learns of facts which may require a recall, or repair, replacement or refund pursuant to this section. Buyer shall have the right, without the consent of Seller, to report to any administrative or regulatory body any information which Buyer obtains indicating that the Products furnished by Seller either fail to conform to any standard required by law, or constitute or create of themselves, or within the end product of which they are a part or component, a situation requiring recall or notice as defined by the applicable law. Seller shall prepare, maintain and file with the appropriate agency those records and reports relating to the manufacture, sale, use and characteristics of the Products furnished to Buyer under this order which may be required by any federal, state or local law or regulation concerning the manufacture, sale or use of the Products or the end products of which the Products may be a part or component. Seller shall provide Buyer with copies of such records at Buyer's request and shall give Buyer access to Seller's records that allow Buyer to confirm Seller's compliance with the terms of this section. Seller shall comply with all Product Safety and Compliance Requirements contained in the SQSR manual, and on the Seller accessible website established by Buyer for supplier related requirements and related matters.

**19. INSURANCE:**

Seller shall at all times provide and maintain the following:

(a) Workers compensation insurance or approved self-insurance for statutory requirements in the states of operation, and employers liability and/or umbrella insurance with limits of not less than \$5,000,000 each accident for bodily injury by accident or \$5,000,000 each employee for bodily injury by disease.

(b) Commercial general liability including products/completed operations, and if necessary commercial umbrella insurance with a limit of not less than \$5,000,000 each occurrence and general aggregate. CGL insurance shall be written on ISO occurrence form CG 00 01 12 07 or equivalent, and shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under contract.

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(c) Automobile liability, and if necessary commercial umbrella insurance with a combined single limit of not less than \$5,000,000 each accident. Such insurance shall cover liability arising out of any auto, including owned, hired and non-owned autos. Coverage shall be written on ISO form CA 00 01 or equivalent and shall include coverage for liability assumed under contract.

Seller waives all rights against Buyer and its agents, officers, directors, and employees for recovery of damages to the extent these damages are covered by the above insurance policies. Seller's insurance shall (i) be primary and non-contributory; (ii) name the Buyer as an Additional Insured using the following endorsements or their equivalent: CG 20 10 and CG 20 37; and (iii) provide a Waiver of Subrogation in favor of the Buyer. Seller shall furnish Buyer with a Certificate of Insurance evidencing such coverage on an annual basis prior to policy expiration. Seller shall permit any authorized representative of Buyer to examine Seller's insurance policies, if requested. Coverages should be written with carriers of A.M. Best's ratings of no less than A-VIII, or as otherwise acceptable to Buyer. Should Seller at any time neglect or refuse to provide the insurance required herein, or should such insurance be cancelled, Buyer shall have the right to procure the same and the cost thereof shall be deducted from monies then due or thereafter to become due to Seller. Seller shall not commence work under this order until all of the insurance required herein shall have been obtained and evidenced to Buyer.

**20. GOVERNING LAW:** This order shall be governed by the laws of the state of Michigan, including the Uniform Commercial Code, but excluding the provisions of the United Nations Convention on Contracts for the International Sale of Goods, and excluding Michigan law with respect to conflicts of law.

**21. VENUE:** Seller hereby irrevocably and unconditionally consents to submit to the jurisdiction of the courts of the State of Michigan and the United States of America located in the State of Michigan for any actions, suits or proceedings arising out of or relating to this order and the transactions contemplated hereby (and Seller agrees not to commence any action, suit or proceeding relating thereto except in such courts). Seller further agrees that service of any process, summons, notice or document by U.S. registered mail to its address set forth above shall be effective service of process for any action, suit or proceeding brought against it in any such court. Seller hereby irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this agreement or the transactions contemplated by this order in the courts of the State of Michigan or the United States of America located in the State of Michigan, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

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**22. PERFORMANCE PENDING RESOLUTION OF DISPUTES:** In the event of any dispute between Buyer and Seller, including any dispute over the price of the Products or any price increase proposed by Seller, Seller agrees that it will not refuse to accept Buyer's orders or releases hereunder or to ship any Products to Buyer in accordance with the terms of any of Buyer's orders or releases pending the resolution of such dispute through appropriate legal proceedings. Seller acknowledges and agrees that any such disruption in the supply of Products to Buyer pending resolution of such a dispute would cause irreparable harm to Buyer. Accordingly, Seller agrees that it will not oppose any proceeding initiated by Buyer to enjoin Seller from interrupting the supply of Products to Buyer, pending resolution of such dispute. Should Seller breach the terms of this section, then, in addition to any other damages which Buyer may be entitled to recover from Seller, Seller shall be required to reimburse Buyer for any costs incurred by Buyer in connection with any legal action to enforce its rights hereunder, including all of Buyer's cost and expenses, including reasonable attorneys fees, incurred in connection therewith

**23. INDUSTRIAL PARTICIPATION (OFFSET), COUNTERTRADE AND TRADE CREDITS:** Buyer has entered into this Order in consideration for credits generated under Industrial Participation (Offset), countertrade, and other trade credit programs. All credits resulting from this Order are the sole property of Buyer and its subsidiaries and affiliates. Buyer shall be entitled to apply such credits to its choice of program(s). Seller shall also assist Buyer in obtaining the appropriate transaction information and securing the appropriate credit approvals from the relevant government authorities.

**24. DUTY DRAWBACK:** Buyer and its subsidiaries and affiliates shall be entitled to, and Seller hereby assigns to Buyer, all duty and import drawback rights of Seller related to Products purchased under this Order. These rights include, without limitation, those rights developed by successorship and rights which may be acquired by Seller from its suppliers. Seller agrees to inform Buyer of the existence of any such rights and upon request will supply such documents as may be required for Buyer to obtain, or receive assignment of, such drawback rights.

**25. EXPORT/IMPORT COMPLIANCE:** Products or technical data provided or received under this Order may be subject to the provisions of the U.S. Export Administration Act, 50 USC 2401-2420, including the Export Administration Regulations, 15 CFR 730-774 ("EAR"); the U.S. Arms Export Control Act, 22 USC 2751-2780, including the International Traffic in Arms Regulations, 22 CFR 120-130 ("ITAR"); the Regulations of the Office of Foreign Assets Control of the U.S. Treasury Department, 31 CFR 500-599; the Regulations of the Bureau of Alcohol, Tobacco, and

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Firearms, 27 CFR 447-555 ("ATF"); the Homeland Security Act of 2002, including the U.S. Customs and Border Protection Regulations, 19 CFR 1-199 ("CBP"); as well as any applicable export or import requirements of other jurisdictions regardless of whether such products or technical data are of U.S. or non-U.S. origin.

Seller agrees to comply with all applicable export and import laws and regulations and any requirements of Buyer with respect to the import, export, re-export, or transfer of Products. Seller shall obtain or produce any necessary export or import authorizations to support deliveries under this Order. Upon the earlier of Seller's quotation or placement of Buyer's Order, Seller shall provide to Buyer the export commodity classification or original design intent information (for Seller's design authority items), Harmonized Tariff Schedule ("HTS") numbers, and country of origin information for the Products. Seller shall support all import document requirements as necessary. Seller shall support Buyer's efforts to participate in Trade Programs such as but not limited to the North American Free Trade Agreement (NAFTA), including producing Certificates of Origin and Manufacturer's Affidavits as required. Seller shall meet the country of origin marking requirements for all Products.

Seller shall comply with all Customs Trade Partnership Against Terrorism (C-TPAT) requirements as applicable, including the completion of annual certification requests and the allowance of Buyer, CBP or a third party representative to perform an onsite security validation of Seller's premises. Seller shall comply with all CBP pre-file import requirements according to the mode of transportation (Importer Security Filing 10+2 program for ocean, e-manifest for truck, etc.).

Seller shall immediately notify Buyer in the event of any change to the export or import classification or country of origin information. Seller agrees to provide Buyer with advance written notice of any change in the Seller's manufacturing location. Seller agrees that it will not export, transfer, re-export, or re-transfer any drawings, data, designs, inventions, computer software or other technical information provided by Buyer, including any of Buyer's information that has been integrated into Seller's technical information, without Buyer's prior written consent. Seller agrees that it will not export, transfer, re-export, or re-transfer Products to any U.S. recognized foreign government sanctioned countries, denied, or designated parties without obtaining appropriate export authorization where necessary. These restrictions apply to Seller, its employees, and any third party including, but not limited to Seller's suppliers and subcontractors.

Seller shall immediately notify the Buyer's procurement representative if Seller is, or becomes, listed in any U.S. or non-U.S. government denied parties lists or if Seller's export privileges are

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otherwise denied, suspended, or revoked in whole or in part by any U.S. or non-U.S. government entity or agency.

If Seller is a U.S. based company and is engaged in the business of either exporting, manufacturing or brokering defense articles or furnishing defense services, as defined in the ITAR, Seller agrees to maintain a current registration with the Directorate of Defense Trade Controls, as required by the ITAR, and to maintain an effective export/import compliance program in accordance with the ITAR.

Seller shall provide Buyer with the contact information of the individual(s) responsible for such compliance program. Seller shall allow Buyer to validate or audit all representations made under this clause.

Buyer shall not be liable for increased costs or customs duties, or any penalties or damages incurred by Seller as a result of deficient or erroneous documentation supplied by Seller for purposes of establishing the status of Goods, as defined in the North American Free Trade Agreement ("NAFTA") and other trade preference programs, including implementing laws and regulations.

**26. COMPLIANCE WITH LAWS:** Seller shall comply with all applicable laws, rules, regulations, ordinances and orders of all applicable local, province/state and federal government authorities in connection with the performance of its obligations hereunder.

**27. AUDIT RIGHTS:** In order to assess Seller's compliance with the terms and conditions of this Agreement, as applied to process and quality standards and/or quantities of material on hand, Seller shall permit Buyer and its authorized representatives, including its accountants and attorneys (and Seller shall obtain a similar right from permitted subcontractors), reasonable access, during normal business hours to all of Seller's manufacturing facilities; provided, however that Buyer shall have given Seller not less than forty eight (48) hours advance written notice of its intent to conduct such as inspection. In addition, Seller shall, upon Buyer's request, provide Buyer, or any third party hired by Buyer to review such financial information on Buyer's behalf, with evidence of the Seller's financial viability, including, without limitation, Seller's most current audited financial statements and such other non-public financial information as may be reasonably requested by Buyer for these purposes; provided, however, that Buyer, or Buyer's designee first executes a non-disclosure agreement reasonably satisfactory to Seller. Neither Buyer nor its designee shall disclose any specific non-public details to any other persons within

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Buyer's company not having a need to know such information for purposes of such evaluation or to any person outside of Buyer's company.

**28. RIGHT TO MAKE DIRECT PAYMENTS:** Buyer reserves the right to make payments directly to subcontractors, agents and other entities whose efforts have been obtained by Seller in the fulfillment of this order if Seller becomes unable or unwilling for any reason to timely compensate them or to meet its debt obligations. In addition, Buyer reserves the right to make payments directly to bankruptcy courts, trustees in bankruptcy or receivers, as it deems necessary. Any amounts paid by Buyer to the entities or persons listed in this paragraph other than Seller, plus legal costs and expenses (including reasonable attorneys fees) incurred by Buyer as a consequence of Seller's failure to fulfill its payment obligations as contemplated above, will be subtracted from any amounts owed to Seller under this Agreement. If Buyer makes direct payments to subcontractors or others as set out in this Article, Seller waives any right to recover any amount from Buyer for any work completed by these entities for which such entities have been paid by Buyer. Buyer reserves its right to seek any other remedies allowed in law or equity with respect to any such failure to perform by Seller.

**29. GOVERNMENT CONTRACTS:** If this order is placed in support of a government contract, Seller will comply with all applicable government requirements for government subcontractors, including but not limited to those applicable provisions of the Federal Acquisition Regulations (FAR), together with those other terms and conditions which are set forth in Buyer's Supplemental General Provisions and FAR/DFAR Flowdown Provisions for Subcontracts/Purchase Orders in Support of Commercial Items under a US Government Prime Contract, located on Buyer's website at <http://meritor.com>.

**30. SALES OF PARTS TO AFFILIATES OF BUYER:** If requested by any affiliate of Buyer, Seller agrees to enter into a separate agreement for the sale of Products to such affiliate upon terms comparable to those set forth in this order.

**31. SETOFF:** In addition to any right of setoff or recoupment provided by law, Buyer may at any time, and without notice deduct or setoff any amounts due to or to become due to Seller and its affiliates and subsidiaries from Buyer and its affiliates and subsidiaries against any claims that Buyer and its affiliates have or may have arising out of this or any other order, or transaction between Buyer and its affiliates and subsidiaries and Seller and its affiliates and subsidiaries.

**32. REMEDIES:** The remedies in the terms contained herein are cumulative and in addition to any other or further remedies provided by law or in equity. Resort by Buyer to any remedy, as

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provided in the terms contained herein or otherwise, will not be deemed an election of remedies or a waiver of any breach or remedy. In addition to any other remedies which Buyer may have hereunder, in the event that Buyer terminates this order due to a breach hereof by Seller, then Seller shall be required to reimburse Buyer for any costs incurred by Buyer: (i) in resourcing the Products to a new supplier including, but not limited to, costs for engineering and development work, testing, purchase of tooling, and higher prices to be paid for such Products; and (ii) in connection with any legal action by Buyer to enforce its rights hereunder, including all of Buyer's cost and expenses, including reasonable attorneys fees.

**33. LIMITATIONS:** Seller agrees that any claim by Seller to recover the amount of any alleged undercharges on invoices previously paid by Buyer shall be limited to invoices issued no later than six (6) months prior to the date such claim is first asserted by Seller. Notwithstanding anything to the contrary, however, nothing herein shall preclude or otherwise limit Buyer's right to contest Seller's entitlement to the alleged undercharge amounts.

**34. ENTIRE AGREEMENT:** This order, including all documents incorporated herein by reference, contains the entire agreement between Buyer and Seller with regard to the purchase and sale of the Products sold under this order. This order supersedes any prior agreements or discussions (whether written or oral) between Buyer and Seller about the subject matter of this order. No amendment or modification to this order (other than a written notice of change issued by Buyer under Section 9) shall be valid unless made in writing and signed by a duly authorized representative of each of Buyer and Seller.

Seller and Buyer may use electronic means, including computer-based telecommunications systems, to transmit this order, Seller's acknowledgment of this order, Buyer's "Vendor Release and Shipping Schedule," or other correspondence or information relating to the placing of this order or its performance. The terms and conditions contained in this order shall supersede any terms and conditions contained in any such electronic transmission.