

GENERAL SUPPLY CONDITIONS

1. GOAL

This instrument sets the General Supply Conditions applicable to those purchases made by the company ArvinMeritor, hereinafter referred to as ARM, from all and any Suppliers, and expressly excludes the applicability of the supply conditions the Supplier may have and also any other document such Supplier may issue as regards the order placed by ArvinMeritor. The General Conditions hereunder shall be applicable to all the assets and services acquired by ARM, including tools, machinery, equipment, parts, raw material, manpower, or other assets, including services related to them (hereinafter referred to as "Product"). The terms and conditions this instrument provides shall be modified only by a written document duly executed by ARM's Purchase Department.

2. ORDER

2.1 Purchase Order - ARM will only make purchases by sending to the Supplier a written Purchase Order issued by its Purchase Department. All the invoices on behalf of ARM will be accepted only if supported by a purchase order.

2.2 Pending Order – If ARM wishes so, as well as the Supplier, a Pending Order may be placed, that is, an order containing the volume of the products or services, amounts and the dates scheduled for deliveries. Such information is estimates, and the effective quantities and dates for delivery shall be confirmed by the document named "Supplier Release and Delivery Schedule", which will be forwarded to the Supplier.

ARM reserves the right to cancel, adjust or reschedule the quantities of the Products listed in "Supplier Release and Delivery Schedule", according to its needs, pursuant to those conditions previously agreed upon with the Supplier.

2.3 Confirmation of the Order Receipt – The Supplier shall confirm the receipt of the Purchase Order within five (05) days as of the receipt date, upon returning a duly executed copy of the Purchase Order via fax or mail addressed to ARM's Purchase Department. If the Supplier fails to submit such confirmation, ARM will regard the order as accepted, as well as the tacit acceptance of the Order conditions.

3. CONFORMITY

3.1 Conformity with drawings and specifications – Without any prejudice to clause 3.2 below, the Product shall always be in conformity with the drawings, specifications and non-detailed characteristics present in the samples or parts which have been accepted by ARM. Any technical change, even if it's minimal, shall be introduced only by ARM's prior and written consent, provided in the form of a numbered amendment issued by ARM's Purchase Department.

3.2 Conformity with the Laws and Rules – The delivered Product shall comply with the legal requirements, quality rules and standards then in force in Brazil, especially concerning hygiene, safety and environmental protection. The Supplier guarantees to ARM the compliance with such requirements and agrees to be liable for all and any legal action brought against ARM due to the non-compliance with such provisions, and to

repay ARM for possible costs or expenses incurred in by ARM as a result from such legal actions.

3.3 Product Origin – Upon request by ARM, the Supplier shall provide for the appropriate certificate evidencing the country where the Product was manufactured.

3.4 Quality Assurance – The acceptance of the Purchase Order by the Supplier shall mean the total acceptance of the provisions of the Supplier Quality System Manual – RA-4901-797, hereinafter referred to as “Manual”, so that the Supplier shall strictly comply with said Manual. This Manual, which is made available to the Supplier, at ArvinMeritor website, shall be considered as a part of the General Supply Conditions.

As provided in item 2.1, the Supply shall also provide initial samples and documentation of the Product to be submitted to the Approval Process for Portion of the Production (*Processo de Aprovação de Parte de Produção* - PPAP), to be approved by ARM, prior to the beginning of the mass production. In case the Supplier fails to provide the reports as requested, ARM may reject the samples or inspect and test them and charge the Supplier an amount equivalent in Reais to USD100.00 per inspection hour. After the initial qualification, the Supplier shall be kept in an Acceptable Supplier status under the requirements described in this paragraph.

3.5 Mass Delivery – In the case of mass delivery, the Supplier shall be totally adjusted to ARM’s delivery and reception system, through the unit mentioned in the Purchase Order, and undertakes to align its managing and production systems with ARM’s corresponding systems.

4 INDUSTRIAL AND INTELLECTUAL PROPERTY RIGHTS

4.1 Supplier’s Liability- The Supplier guarantees to ARM that it’s the titleholder or owns valid and effective license concerning all the industrial and intellectual property rights related to the Products, and shall be liable at the civil and criminal levels for casual violations of industrial and/or intellectual property rights of third parties related to the manufacturing and sale of the Products.

4.2 Legal Actions against the Supplier – The Supplier shall compensate ARM for all losses ARM may sustain, including those caused by the non-compliance with the obligations to its clients, due to restrictions, prohibitions or changes in the use or marketing of the Products which may be set by legal actions brought by third parties against the Supplier as a result from the violation of industrial or intellectual property rights related to the Products.

4.3 Legal Actions against ARM – If legal actions are directly brought against ARM as regards violation of industrial or intellectual property rights related to the Products, the Supplier shall take the appropriate measures to replace ARM in such actions, and shall repay ARM for all legal costs and expenses sustained by ARM, without excluding the compensation provided in Clause 4.2 (four point two). In such case, ARM shall be entitled to automatically cancel all transactions then in progress by sending a registered mail, delivery receipt requested, without any prejudice to all the rights and any procedures ARM may have or adopt against a Supplier.

4.4 Use of the Supplier's Industrial or Intellectual Property – If the Supplier fails to comply, whether partially or totally, with an ARM's order to prepare a project to manufacture tools and/or equipment involving the Supplier's industrial or intellectual property rights, the Supplier hereby expressly authorizes ARM, with no formality or additional cost, to use its industrial or intellectual property required to complete such project, or have it completed by third parties, intended to manufacture tools and/or equipment. For this purpose, the Supplier shall provide ARM with all the specifications and information required to prepare the project to manufacture tools and/or equipment.

5. DELIVERY TERM

Time is the essence of the Order. The delivery time shall be provided in the Purchase Order or specified by the Logistics Department of the plant where the delivery shall be made. The Supplier shall be liable for taking all the measures required to follow the delivery schedule within the time established, not only in relation to the Product itself but also the technical, administrative and shipping documents listed. The Supplier is not authorized to deliver the Product before the scheduled date, except upon specific written consent issued by ARM's Purchase Department, and shall pay for all the expenses resulting from any advanced delivery. In case of advanced or late delivery, ARM may impose penalties in accordance with the specific conditions negotiated with the Supplier when the order was placed. In case of late delivery, ARM is authorized to acquire the Product from another supplier, and the additional expenses resulting from such new order shall be paid by the non-compliant Supplier.

ARM may, without any notice, arrange for the immediate purchase of the Product from another supplier in case the Product is delivered late as provided in the item "mass delivery".

6. PRICE, INVOICING AND PAYMENT TERMS.

6.1 Price – Except if provided otherwise in the Purchase Order, the prices are free and non-readjustable, and shall be set under the rule "Delivery Duty Paid" (DDP), as it's defined in Incoterms 1990. The Supplier is the only responsible for all transportation and shipping costs, from custom fees to taxes, as well as for all insurance costs until the final receipt of the Product at ARM unit mentioned in the Order, under clause 8 hereof.

6.2 Invoice Issuance – As for the issuance of the invoice, the Supplier shall pay special attention to the provision below, under the penalty of having payments suspended or the Product rejected: (I) check the name of ARM's business unit that will pay for the invoice; (II) confirm the locations where the Product shall be delivered; (III) correctly list the numbers of federal and state enrollments (*inscrições federais e estaduais*) of ARM's business unit provided in the Purchase Order, issuing the invoice with absolute clarity, with no erasures or amendments; (IV) provide the respective number of the Purchase Order in the invoices; (V) provide in the invoices all the codes ARM mentioned in the body of the Purchase Order.

6.3 Product Documentation – The goods shall be accompanied by the documentation required by the laws, and shall be submitted up to 5 days as of the invoice issuance, and the tax documentation shall be issued with absolute clarity and strict compliance with legal and tax provisions. Payments will be made after thirty five (35) days as of the invoice date by means of a banking note (*boleto bancário*) or according to what's

expressly provided in the order. ARM may, regardless of any prior notice to the Supplier, extend the maturity date of that invoice containing errors in the payment terms, as well as in the deductions of debit value or return of goods, whose express consent is hereby given. No banking note may provide the condition that such note will be submitted to a notary public for protest purposes, which may not be accepted by ARM, which provision the Supplier hereby gives its express consent.

6.4 Debit Setoff – ARM expressly reserves the right to deduct from the payments to be made to the Supplier all and any amounts payable and due to ARM, regardless of the reason. Except if previously approved in writing by ARM, the Supplier may not set off any other debit against ARM.

7. PACKAGE AND DELIVERY DOCUMENTATION

7.1 Nature – Any Product shall be packed according to ARM’s Purchase Specifications or the Purchase Order, or, if none, according to any other instructions, and or pursuant to the rules and standards applicable to Brazil. The Supplier shall be liable for any damage caused to the Product delivered as a result from inadequate packaging.

7.2 Markings – Each package shall have external markings printed on a legible and clear basis pursuant to Brazilian technical rules and also instructions related to any special storing conditions. Every marking on the packages shall also have the Purchase Order number, serial number, the Product name, quantity to be delivered or the gross or net weight.

7.3 Delivery Documentation – The Supplier shall attach to the shipping documentation a detailed order of delivery, providing the package nature, the quantities and the information contained in the Purchase Order required to identify the Product and its quantitative control.

8. RECEIPT - WARRANT

8.1 Receipt – Except if otherwise provided in the purchase order, the receipt shall be made only at ARM’s facilities on business days and hours. ARM reserves the right to conduct all and any inspections of the Product at the Supplier’s facilities before its delivery, as well as at its own facilities after the delivery. However, said inspections shall not reduce the warrants of the Products, especially as regards those which are hard to immediately find out.

8.2 Refusal to Receive the Product – ARM will refuse the Product by means of a simple letter, e-mail or fax under the following circumstances:

- a) Whenever the product is not in conformity with the quantity or quality specifications provided in the Purchase Order or not in conformity with applicable laws.
- b) Non-compliance with delivery times and dates.
- c) Excess or insufficiency at the delivery.
- d) Rules and Specifications.

8.3 Return of Refused Product – Every refused product shall be returned to the Supplier, who shall bear all costs and risks. The Supplier shall remove the refused Product and pay for all respective costs and expenses within eight (8) days as of the date of the Product refusal notice. If the removal is not carried out, ARM will arrange for the proper

shipment of all refused products whose freight fees shall be charged at the destination, and the Supplier shall pay for all and any liability resulting from such shipment.

The Supplier shall also be liable for all costs (excess, storage, classification, changes, tool breakages, failures, downtime, recall campaigns, indemnifications, etc.) sustained by ARM as a result from the Product non-conformity.

8.4 Replacement of Refused Product – As for refused delivery, ARM may cancel the Order and purchase the Product from another supplier. Any expense resulting from such new order shall be paid by the non-compliant Supplier. In case the delivery of a Product provided in the provisions on “mass delivery” is refused, ARM may, without any notice, arrange for the immediate purchase of the Product from another supplier, the Supplier shall be liable for the additional costs ARM may sustain.

8.5 Liability for the Product – The Supplier shall be totally liable for designing and/or manufacturing the Product according to the task assignment made in the Purchase Order or determined at the beginning of the Product development, especially as for the Supplier’s specialization area. The Supplier shall be liable for the technical options related to its products, regardless of any assistance provided by ARM during the development, also if the product has been approved by ARM during the testing of the initial samples.

8.6 Product Warrant – The Supplier warrants that its Product is free from any working failures or defects, whether apparent or not, as for the design, materials or production, and that it will compensate ARM for all direct or indirect damages resulting from such defects proportionally to its liability and as long as ARM’s liability lasts to its clients, purchasers of its products which the Product is integrated into. The conditions of this demand for warrant may be provided in details in a separate document issued by ARM’s Purchase Department. Warrants shall have no time thresholds concerning vices hidden in the Product.

8.7 Hidden Defects – After the end of the contractual warrant period, the Supplier shall continue to be liable for all direct or indirect consequences of hidden defects that may affect the Product. All the clauses intended to reduce the legal warrant shall be regarded as with no effect. If ARM or one of its clients decides to remove the Product, or the merchandise integrating the Product, the Supplier shall be liable to ARM, pursuant to the proportion of its liability, for all damages sustained by ARM.

8.8 Insurance – The Supplier, for its warrant, bearing all costs and risks, shall contract an insurance policy from a qualified insurance company, whose value is enough to cover its civil liability, and undertakes to submit an evidence of such insurance contract and the payment for the premiums, whenever they are requested in writing by ARM.

9. RECALL CAMPAIGNS

9.1 Compensation for the Product Recall – The Supplier shall compensate ARM for and keep it harmless against losses and damages, civil liability, criminal liability, costs or expenses sustained by ARM, its clients and end consumers, if ARM has to conduct a recall campaign of its products due to failure, defect, non-conformity, among other vices and/or defects of the Products. Such compensation will be required whenever the recall for repair, replacement or return is required by the laws, rule, regulation or a court order,

or if ARM thinks it is necessary to preserve its good business name as a manufacturer of quality and reliable products. If the Product is not the only reason for conducting the recall, ARM shall divide its costs, damages and expenses with the Supplier proportionately to the liability of each party for the costs, damages and expenses, which the Supplier hereby expressly consents to.

9.2 Duty to Report – The Supplier has the duty to report to ARM immediately after becoming aware of and even after the rescission or end of the supply agreement any failure, defect, non-conformity, among other vices and/or defects of the Products, so that ARM can decide whether or not to conduct a recall. ARM shall be entitled, regardless of the consent given by the Supplier, to report to any authority or any regulatory agency any information it may get, reporting the Products that are not in conformity with any legal standard or that they themselves constitute or create, or inside the end product they are parts or components of, conditions requiring a recall or repair according to the applicable law.

9.3 Record of Information – The Supplier has the duty to prepare, maintain and keep in files in the adequate form and according to the laws the records and reports related to the manufacturing, safety, use and characteristics of the Products. The Supplier shall provide ARM with a copy of such records whenever ARM requests them in writing, and shall give access to ARM to its records so that ARM can confirm the Supplier is in conformity with this clause.

10. RISKS

10.1 Regardless of the clauses and conditions for transportation, the risk assignment in relation to the Products shall only be made at the final receipt of the Product at the address provided in ARM's Purchase Order, after the Receipt Statement has been signed by ARM and respective inspection.

10.2 The inspection conducted by ARM on the Product delivered shall not exempt the Supplier from being liable for hidden vices, defects and/or failures that are found out after its delivery.

11. SUBCONTRACT

The Supplier shall not subcontract the object of ARM's Purchase Order, whether entirely or partially, except if previously approved by ARM in writing. For those cases authorized by ARM as regards entirely or partially subcontracting the Order, the supplier shall remain as the sole responsible to ARM for the subcontractor's performance, and undertakes to make the subcontractor comply with the General Supply Conditions.

12. CONFIDENTIALITY

The Supplier shall comply with the business confidentiality of ARM's proprietary information, regardless of the form of its transmission. All the information provided by ARM to the Supplier concerning the Purchase Order is confidential and the Supplier shall take all the steps required to ensure neither the Supplier nor any of its employees, agents, mediators, whether permanent or temporary, suppliers or subcontractors shall report or disclose any of the confidential information to thirds parties, especially specifications,

formulas, projects, drawings related to ARM's orders, and the Supplier shall be liable for the civil or criminal consequences if it fails to comply with this confidentiality clause.

Such confidentiality requirement shall be maintained for the whole execution time of the Purchase Order and for ten (10) subsequent years immediately after the Order completion, and upon ARM's request, the Supplier undertakes to return to ARM all the documents, whether confidential or not, related to the Order after the end of the product or service.

13. PRODUCT INDIVIDUALIZATION

13.1 Product Individualization – The Supplier undertakes to identify, at the packing time, all the Products ordered by ARM with the words “Undistrainable. ARM's Property”, and undertakes to keep them as ARM's property, and also undertakes not to deliver them or otherwise assign them to third parties.

13.2 Any charges and encumbrances, lien clauses or other rights that produce the direct or indirect effect to somehow subordinate the Product's title assignment to the total payment of the price, shall be expressly rejected and the Supplier waives any such rights it may have.

13.3 ARM's Products – In case of partially financing the raw materials or semi-finished products to be purchased by the Supplier, such raw materials and semi-finished products shall become an ARM's property, without any formality, when the payment of the portion corresponding to the price is made. The Supplier, as a trustee, agrees to implement all the means to individualize said raw materials or semi-finished products of ARM's property, especially by marking them or labeling them in the name of ARM. Molds, tools or machines produced by the Supplier on behalf of ARM, along with the industrial and/or intellectual rights related to such items, shall not be withheld by the Supplier, and shall not be possessed by one of the Supplier's creditors. The Supplier, as a trustee, agrees to implement all the means to individualize said molds, tools and machines, especially by placing a metal plate or a seal with the words “Undistrainable. ARM's Property”.

13.4 Liability for ARM's Assets – If, as a result from the Purchase Order, ARM provides the Supplier with its molds, tools and machines for subcontracted production, the Supplier shall comply with the following procedures:

- a) Said molds, tools and machines are and will be ARM's exclusive property, which may require the Supplier to return them any time and for any reason.
- b) Said molds, tools and machines shall be used by the Supplier solely to execute ARM's orders.
- c) The Supplier shall be responsible for the maintenance, preventive and corrective adjustments required for said molds, tools and machines to operate correctly.
- d) Except if agreed otherwise in writing, the Supplier shall be liable for any damages made to said molds, tools or machines, as well as for all the risks resulting from their use.
- e) The Supplier shall contract insurance from a qualified insurance company for said molds, tools or machines against casual losses and damages (including theft) for an amount at least corresponding to the respective cost to replace such materials, and against all the damages they may cause to third parties.

14. EXPORT, BUSINESS CREDITS, SETOFF.

Whenever the Purchase Order comprehends products in which imported materials are used, whose entry into the country will produce tax benefits to the Supplier, and if such products are used by ARM to be used in products to be manufactured and exported by ARM, the Supplier shall assign or transfer to ARM the benefits resulting from the tax benefits related to the imported products provided.

15. TERMINATION

15.1 Breach by the Supplier – If the Supplier does not comply with any of its contractual obligations, the Purchase Order may be terminated on a rightful basis and without any further formality upon ARM's sole discretion, which shall give the Supplier a written notice for such purpose. In such case, the termination shall take place eight (8) days as of the receipt of the registered mail, delivery receipt requested, and it shall remain, whether totally or partially, without any effect during this period and without any prejudice to ARM's right to claim compensation.

15.2 Force Majeure, Bankruptcy and Composition with Creditors – The Purchase Order may also be terminated by ARM, on a rightful basis, without any further formality, under the following circumstances:

- a) Due to force majeure, as provided in article 393 of the Brazilian Civil Code or other reason that causes the ARM's activities to be totally or partially stopped, preventing it from proceeding its normal production activities.
- b) In case of bankruptcy, composition with creditors or insolvency of the Supplier.
- c) If evidenced, any time, that the Supplier has not timely started the execution of the Purchase Order, or has failed to take the measures required to strictly comply with the scheduled times and other provided conditions.
- d) If ARM becomes aware of the inadequate use of the material ARM owns, whether protected or not by the industrial and/or intellectual property protection laws.

16. PENALTIES

If the Supplier violates any clause or provision of these General Conditions, the respective Purchase Order and/or legal rule related to the production and sale of the Products, the Supplier shall pay a two percent (2%) fine on the respective amount of the Purchase Order, without any prejudice to the compensation for losses and damages sustained by ARM and the imposition of any other penalties and provisions contained in these General Conditions, in the respective Purchase Order and/or the law.

17. GENERAL

17.1 Permits and Authorizations – The Supplier hereby declares it has all governmental permits and authorizations to comply with these General Supply Conditions.

17.2 Consumers' Rights – The Supplier also declares that all the requirements of the Brazilian Code for Consumers' Protection and other applicable laws and regulations to comply with the General Supply Conditions will be regularly observed.

17.3 Environmental Laws – The Supplier also declares that, in order to comply with the General Supply Conditions, all the requirements of the Brazilian environmental laws will be observed, and also declares it's not a party in any legal action or administrative proceeding due to violation of environment protection laws.

17.4 Supplier's Liability – The Supplier shall be the sole responsible for claims or damages, no matter how they are manifested, resulting from actions or inadequacies of the Products it provides. The Supplier hereby exempts ARM and its sister companies from any liabilities, claims and damages arising out of the supply hereunder.

17.5 If ARM or its sister companies are sued for any failure or negligence by the Supplier, the Supplier shall replace ARM or its sister companies in such legal action and shall compensate ARM or its sister companies for any amounts paid in this concern.

18. APPLICABLE LAWS AND JURISDICTION

Only the Brazilian laws shall be applicable to construe and execute these General Supply Conditions. The parties elect the courts of their respective locations to settle any dispute arising out of the General Supply Conditions, according to the delivery location for each Purchase Order, ss: Cambuí - MG (A & ET), Limeira – SP (Wheels / Apertures) and Osasco – SP (Braseixos and Aftermarket).

The Supplier hereby declares it agrees to these General Supply Conditions, which are executed by its legal representative, in order to produce its legal effects, and they are recorded under the **microfilm number 59.633** by the First Notary Public for Deeds and Documents of the city of Limeira, State of São Paulo.
Osasco / Limeira / Cambui,

ArvinMeritor do Brasil Sistemas Automotivos Ltda.
Avenida Major José Levy Sobrinho no. 2.700
Limeira – State of São Paulo
CNPJ (Corporate Tax Number) 56.669.187/0001-75

Signature:

Supplier (company's name):
Name of the legal representative:
Title: