

## GENERAL TERMS & CONDITIONS FOR THE PURCHASE OF GOODS AND SERVICES

The following General Terms and Conditions ("GTC") are applicable to all purchases of goods or services by the Karmann family of affiliated companies, including Karmann GMBH, Karmann U.S.A. Inc., Karmann Technical Development, LLC, and Karmann Manufacturing, LLC (collectively "Karmann"). The "Seller" is the entity defined in the accompanying Purchase Order.

- 1. Acceptance.** Seller has read and understands the Purchase Order, which incorporates the specifications set forth by Karmann and/or Karmann's customer, these GTC and any other Karmann purchase document expressly incorporated into the Purchase Order. The Purchase Order does not constitute an acceptance of any offer by Seller and Karmann expressly rejects all such offers. Seller shall have accepted the Purchase Order upon its written acceptance or commencement of any required work or service. Seller's acceptance shall be limited to the express written terms of the Purchase Order unless new terms or modifications are proposed in writing to Karmann before the commencement of work and are accepted by Karmann in a writing executed by Karmann's authorized Purchasing Manager. Any other new or additional term contained in Seller's acceptance documents, or otherwise proposed by Seller, shall be considered nonconforming terms and are unacceptable and expressly rejected by Karmann and shall not become a part of the Purchase Order.
- 2. Price.** Karmann shall make payment for conforming goods and/or services in the amounts and at the times stated on the Purchase Order. The price shown on the Purchase Order, or if a price is not shown, the price quoted by Seller or previously charged by Seller for the same type of goods/services, shall be the limit of the liability of Karmann under the Purchase Order. Unless otherwise stated, all payments are in U.S. Dollars and includes all storage, handling, packing, freight, insurance, taxes, duties and any other charge of any nature. Seller represents and warrants that the prices charged to Karmann shall be no less favorable than those which Seller extends to its most-favored-customers for like goods and services. In addition to any other remedy which may be available, Karmann shall have the right of set off with respect to any sums due Seller by Karmann with any sums payable by Seller to Karmann.

Karmann may delay payment until a) a correct and complete invoice and b) a certification of compliance to federal and state employment and other laws and regulations, are both received. Any cash discount or payment privilege to Karmann shall be extended until such invoice and compliance certification are received.

- 3. Warranty.** Seller warrants/guarantees that all goods and/or services covered by the Purchase Order shall conform to the specifications, drawing, samples, or descriptions furnished by Karmann and/or Karmann's customer and will be merchantable and of good material and workmanship, and free from any defects in design, engineering or manufacturing for a period measured by the longer of a) 3 years from Karmann's acceptance, or b) 3 years/36,000 miles from the date of the retail sale of the vehicle in which Seller's goods or services are installed or incorporated, if applicable, or c) the retail warranty term provided by Karmann's customer, including any extensions, where Seller's goods or services are installed or incorporated into a vehicle. Seller acknowledges that it knows of Karmann's, and Karmann's customer, intended use and expressly warrants/guarantees that all goods and services will be of merchantable quality and fit and sufficient for the particular purposes intended.

Seller further warrants that all goods produced under this Purchase Order shall be in compliance with all laws, orders and regulations, including the applicable provisions of the Fair Labor Standards Act, and any state law or statute regulating employment of the Seller's employees. Seller warrants that the sale or use of the goods will not infringe any patents, copyrights or other proprietary rights of Seller or others, and warrants that the goods shall be free from all liens and encumbrances.

Seller shall repair, replace, hold harmless, indemnify and reimburse Karmann for any liability, costs, expenses, or charges incurred by Karmann as a result of Seller's breach of warranty, the Purchase Order or other duty created by law.

- 4. Quality Assurance and Inspection of Goods.** Seller shall comply with all quality standards and quality assurance procedures specified by Karmann, including those set forth in the *Karmann Quality Standard Procedures*, as revised from time to time, as well as those applicable to Seller as set forth in Quality System Requirements QS9000, ISO 9000 and other quality assurance processes and standards adopted from time to time by Karmann. Karmann and Karmann's customers shall have the right to enter Seller's facility, at reasonable times, to inspect the facility, goods, materials and

any property of Karmann covered by this Order. Karmann's inspection of goods, whether during manufacture, prior to delivery, or within a reasonable time after delivery, shall not constitute acceptance of any work in process or finished goods, nor relieve Seller of liability for any defects as a result from manufacture or delivery of such goods or services under this Order. Inspection shall not constitute a waiver of liability or of other rights by Karmann. Seller warrants and represents that it is ISO 9001/9002 certified and shall provide documentation of such certification promptly upon request. Seller further agrees that it will remain ISO 9001/9002 certified throughout the term of the Purchase Order and the failure to do so shall be a breach.

- 5. Non-Conforming Goods.** Karmann shall have the right to inspect any goods or services after delivery and before acceptance and reject any goods or services which are non-conforming. If goods are rejected, the quantities under this Purchase Order will automatically be reduced unless Karmann otherwise notifies Seller. Seller shall not replace goods rejected by Karmann as non-conforming unless directed by Karmann to do so. Non-conforming goods will be held by Karmann for disposition in accordance with Seller' instructions, and at its cost, within three (3) days after notification of rejection, or such shorter period as may be commercially reasonable under the circumstances. If Seller fails to provide timely disposition instructions, Karmann may, at its option, charge Seller for storage and handling or dispose of such goods without liability. Payment for non-conforming goods shall not constitute an acceptance, or impair, limit or otherwise restrict Karmann's right to claim any legal or equitable right, nor shall it relieve Seller of any responsibility or liability for defects or breach of warranty that are discovered after delivery, payment or acceptance.
- 6. Delivery.** Time is of the essence under this Purchase Order. Quantities specified by Karmann at the time of the issuance of the Purchase Order are Karmann's estimate of its requirements. Seller shall manufacture and deliver goods according to Karmann's specific releases. Delivery shall be made in the quantities and at the times specified by Karmann. Seller represents that the production capacity quoted to Karmann is based on a tooling and production plan capable of supplying goods to support Karmann's peak daily and annual requirements. Karmann may reject the delivery of goods in quantities less than as specified. Karmann shall not be required to make payment for goods delivered in excess of specified quantities. Karmann may change the rate of scheduled shipments or temporarily suspend scheduled shipments, neither of which shall entitle Seller to a modification of the price for the goods or services. With respect to any program balance out, goods are to be procured and shipments made per material release, not anticipated annual volumes.

If Seller fails to comply with specified delivery schedules, Karmann, at its sole option and at Seller's sole expense, may issue revised delivery schedules, request shipment via air or expedited routing to minimize delay, or terminate this Purchase Order for default without further liability to Seller.
- 7. Order Changes.** Karmann, and Karmann's customer, reserves the right at any time to direct changes, or cause Seller to make changes, to drawings and specifications for the goods or services, or to otherwise change the scope of the goods or services, including inspection, testing or quality control procedures. Seller shall promptly make such changes. Seller shall notify Karmann within 10 days of receipt of a change directive of a modification of the price or time for performance necessitated by the change. Any differences in price, time or in the performance resulting from such changes shall be equitably adjusted by Karmann after receipt of documentation in such form and detail as may be directed. Changes shall be documented in advance and by a writing signed Karmann's Purchasing Manager.
- 8. Termination for Convenience.** In addition to any other right which Karmann has under this Purchase Order, if Karmann's customer terminates its order with Karmann for any reason, including for convenience, then Karmann may, at its option, immediately terminate this Purchase Order by giving written notice to Seller.
- 9. Disclosure and Special Warnings.** Seller shall deliver to Karmann, at or before the time the goods are delivered, all material safety data sheets for all goods or ingredients of goods required by this Purchase Order. Seller shall, if requested by Karmann, promptly deliver in such form and detail as Karmann may direct, a list of all ingredients of the goods delivered and information concerning any changes in, or additions to such ingredients. Prior to, and with the shipment of goods, Seller shall deliver to Karmann sufficient warning and notice in writing, including appropriate labels on goods, containers and packaging, a statement of any hazardous materials included as an ingredient or any part of the goods together with such special handling instructions as may be necessary to advise carriers or employees of Karmann how to exercise any measure of care and precaution prudent to best prevent bodily injury or property damage in the handling, transportation, processing, use or disposal of goods, and later disposal of containers and packaging for goods purchased and/or shipped under this Purchase Order.

- 10. Shipment of Goods and Country of Origin Markings.** Seller shall properly pack, mark and ship goods in accordance with the requirements stated in the *Karmann Shipping Policy*, including packaging which meets economic, handling, ergonomic and lean materials management principles, and applicable laws, including the North American Free Trade Agreement, and related implementing regulations. All goods shall be marked with a country of origin designation and any involved carrier in a manner to secure the lowest transportation and tariff costs. Seller shall route shipments in accordance with instructions from Karmann. The markings on each package and identification of the goods in shipping materials, bills of ladings, and other invoices shall contain the Karmann part number and Purchase Order number and other markings sufficient to enable Karmann to identify the goods. Seller shall supply to Karmann SPC data and bar coding documentation as requested.
- 11. Force Majeure.** Any delay or failure of any party to perform its obligations under this Order shall only be excused if and to the extent that it is caused by a *force majeure* event or occurrence beyond the reasonable control of the party and without its fault or negligence. A *force majeure* event, by way of example, includes acts of God, action by any government authority whether valid or invalid, fires, floods, windstorms, explosions, riots, natural disasters, war, sabotage, labor problems (including lockouts, strikes and slowdowns), inability to obtain electrical power, labor equipment or transportation, or court injunction or order. Written notice of such delay, including anticipated duration of the delay shall be given by the delayed party within 5 days of the *force majeure* event. During the period of such delay or failure to perform by Seller, Karmann may, at its option, a) purchase the goods or services from other sources and reduce the Purchase Order by such quantities without liability to the Seller, and/or instruct Seller to provide the goods or services by other sources at the price stated in the Purchase Order. Within 10 days of a request, Seller shall provide adequate assurances that the delay shall not exceed 30 days or other period established by Karmann. If the delay lasts more than 30 days, or the period established by Karmann, or Seller does not provide adequate assurance as requested, Karmann may immediately cancel this Order without liability. All other delays or failures to perform shall be treated as a material breach.
- 12. Insolvency.** Karmann may immediately cancel this Order without liability to the Seller in the event of the happening of any of the following or other comparable events: (a) insolvency of the Seller; (b) filing of a voluntary petition in bankruptcy by Seller; (c) filing of any involuntary petition in bankruptcy against the Seller; (d) appointment of a Receiver or a Trustee over the Seller; or (e) execution of an assignment for the benefit of creditors by the Seller provided that such petition, appointment or assignment is not vacated or nullified within fifteen (15) days of such entry. Seller shall reimburse Karmann for all costs incurred by Karmann in connection with any of the foregoing, including, but not limited to, all attorney's or other professional fees.
- 13. Termination for Breach.** Seller shall have committed a default of if a) Seller repudiates or defaults on any material term, including Seller's warranty or b) Seller fails to perform services of deliver goods as specified by Karmann or fails to make progress so as to endanger timely and proper completion of services or delivery of goods. Seller's default shall constitute a breach if it does not correct such default within 10 days, or such shorter period of time that is commercially reasonable under the circumstances, after receipt of notice from Karmann specifying the nature of the default. Declaring a default or breach under this Paragraph 13 shall be in addition to any other remedy available to Karmann and shall not relieve Seller of its obligations under the Purchase Order or imposed by law.
- 14. Termination Remedies.** In the event of any termination of the Purchase Order, unless otherwise agreed by Karmann and Seller, Karmann shall pay to Seller the following amounts, without duplication: a) the Purchase Order price for all goods or services that have been completed and delivered in conformance with the Purchase Order and not previously paid for, and b) the actual costs of work-in-process and raw materials incurred by Seller to the extent such costs are reasonable in amount and properly allocable or apportionable under generally accepted accounting principles to the terminated portion of the Purchase Order; less, the sum of the reasonable value or costs (whichever is higher) of any goods or materials used or sold by Seller with Karmann's written consent, and the cost of any damaged or destroyed goods or materials. Karmann will make no payment for finished goods, work-in-process or raw materials fabricated or procured by Seller in amounts in excess of those authorized or necessary to meet the then existing delivery schedules nor for any undelivered goods that are in Seller's standard stock or that are readily marketable. Karmann's maximum liability for payments pursuant to this paragraph shall not exceed the total of all required payments under this Purchase Order minus those actually made. In no event shall Karmann be liable for payments owed to Seller's subcontractors or for loss of anticipated profits, unabsorbed overhead, interest, product development or engineering costs, facilities and

equipment costs or rental, unamortized depreciation costs, or general and administrative burden charges. Seller shall submit its claim for payments under this paragraph, with supporting documentation, within 60 days of the effective termination date. Karmann shall have the right to audit the relevant books and records, facilities, work, material, inventories and other items relating to Seller's claim.

- 15. Intellectual Property.** Unless the Purchase Order otherwise expressly provides, all Intellectual Property (including, without limitation, patents and patentable inventions, know-how, copyrights, trade secrets and other proprietary information and materials) created by Seller, its employees and subcontractors, in performing this Purchase Order shall become the sole property of Karmann and/or Karmann's customer. Seller assigns, and agrees to assign in the future, all Intellectual Property created while performing under this Purchase Order. Seller shall execute all required assignments, and deliver the assignments of its employees and subcontractors, and shall assist in preparing registrations, as requested by Karmann. With respect to any previously existing Intellectual Property owned by Seller which is incorporated into the goods or services (if prior notice is provided to Karmann), Seller grants to Karmann a world-wide, fully paid-up, assignable, irrevocable license to use, including the right to grant sublicenses to Karmann's customer and to repair, rebuild or reconstruct, the Intellectual Property.

Seller shall indemnify, defend and hold harmless Karmann, its successors and customers, against any and all claims, demands, losses, suits, damages, liability and expenses, including reasonable attorney fees and other professional fees, arising out of any lawsuit, claim or action of actual or alleged direct or contributory infringement of or inducement to infringe any Intellectual Property rights of third parties. In the event of a claim to which this Paragraph is applicable, in addition to all other rights of Karmann, Seller shall immediately, at Karmann's option and direction a) procure for Karmann and its customers the right to use the Intellectual Property of others consistent with this Purchase Order, b) modify the goods such that they no longer infringe the Intellectual Property rights of others or c) replace the offending goods or portions of goods with items that are non-infringing.

- 16. Confidential Information.** All information disclosed by Karmann under this Purchase Order shall be considered confidential. Seller shall exercise commercially reasonable measures, at least consistent with those it uses to protect its own confidential information, to protect and safeguard disclosed information from unauthorized use or disclosure. Seller shall not copy, use or disclose any disclosed information except to satisfy its obligations under this Purchase Order. Goods or services provided based on Karmann's, or Karmann's customer's drawings and/or specifications may not be used for Seller's own use or sold to third parties. Upon the termination or expiration of this Purchase Order or other request by Karmann, Seller shall return, or at Karmann's option destroy, all disclosed information.

- 17. Indemnification.** If Seller performs any work at Karmann's premises, or utilizes Karmann property, then Seller shall indemnify, defend and hold harmless Karmann, and its successors, from and against any liability, claims, demands or expenses, including reasonable attorney fees, for damages to the property of or injuries (including death) to Karmann or any of its employees, or any third party, arising from or relating to Seller's performance of work or use of Karmann property, except for such liability, claim or demand based solely on the negligence of Karmann. In addition, in the event of any breach of this Purchase Order by Seller, it agrees to indemnify, defend and hold harmless Karmann from any damage, costs and expense, including reasonable attorney fees, suffered by Karmann.

- 18. Recall.** Seller will promptly notify Karmann of any potential defect or nonconformity in the goods or services covered by this Purchase Order. In the event of a recall caused by a defect or nonconformity for which Seller is responsible, Seller will promptly reimburse Karmann for the costs, expenses and any penalties which may be incurred. Seller shall cooperate, and exchange information and consult, with Karmann with respect to actual or potential recalls.

- 19. Insurance.** Seller shall maintain insurance coverage in an amount satisfactory to Karmann for statutory coverage of Workers' Compensation and Commercial General Liability. Such insurance coverage shall be in amounts of no less than Five Million (\$5,000,000) Dollars per occurrence and shall name Karmann as an additional insured. Seller shall keep such liability insurance coverage in place for 15 years after a) the end of production of the model year of the vehicle in which the goods were installed or b) after delivery to Karmann, whichever is longer. Upon request, Seller shall furnish certificates of insurance to Karmann. The insurance policies required by this Paragraph shall be maintained for the full required periods. Early cancellation or termination shall constitute a default. Seller agrees to cooperate to the fullest extent possible in investigating or defending any claim made under these insurances.

- 20. Tools.** Seller shall, at its expense, maintain, repair and replace worn or defective Seller-owned tooling, jigs, dies, gages, fixtures, molds, patterns and other items necessary to produce the goods ("Tooling") during the period of production of goods and for 15 years subsequent to the end of production unless otherwise agreed to, in writing, by Karmann.
- Tooling shall be owned by Karmann or Karmann's customer. Payment for the production of Tooling will be made upon verification that the Tooling complies with the ***Karmann Production Parts Approval Process ("PPAP")***. Seller agrees that during the production of tooling, Seller will furnish Karmann weekly tool progress reports. Seller shall allow Karmann, Karmann's customer, or their designated representatives, to conduct on-site reviews of tooling status and condition. Seller shall furnish Karmann with material and labor documentation for any canceled Tooling orders. The cost of changes to Tooling authorized or requested by Karmann shall be paid for by Karmann. Karmann may conduct a post-Tooling audit to verify Tooling build and make financial adjustment as required. Seller shall insure the Tooling with full fire and extended coverage insurance for full replacement value. Karmann shall have title, and may take possession upon its election and 20 days notice, of all Tooling for which it has made payments for production costs.
- 21. Service.** This paragraph shall apply to goods purchased by Karmann for installation into a vehicle. Seller shall supply, upon request, service and replacement parts for the goods during the original model year production period and for 15 years subsequent to the end of production. All such requests placed during time of the model year production shall be filled at current per part production prices. Prices during the subsequent 15 year period will be based upon the last effective model year production cost experience during the first 3 years of model year production. Karmann shall not be charged for additional set up charges. Adjustments due to increases and/or decreases in raw material must be approved in writing by the Karmann Purchasing Manager. Seller shall not to supply service or replacement parts to any other party without Karmann's express written consent. Seller's failure to provide service and replacement parts will result in a 3% charge back against all parts provided during the model year production. Karmann and Seller shall negotiate in good faith to establish firm fixed-price lifetime service and replacement parts pricing.
- 22. Bailed Property.** All Tooling furnished by KARMANN, directly or indirectly, to Seller to perform this Purchase Order, or for which Seller has been reimbursed by Karmann shall be and remain the property of Karmann. Seller shall bear the risk of loss or damage to Tooling and any other items furnished by Karmann or Karmann's customer and all such items shall be properly housed and maintained by Seller and shall not be used by Seller for any purpose other than the performance of this Purchase Order. Prior to *Start of Production*, all Tooling shall be permanently marked by Seller with Karmann's and/or Karmann's customer's part number and all Tooling and other items shall be conspicuously marked "Property of Karmann". Seller shall not co-mingle Tooling and other Karmann furnished items with the property of Seller or third parties and such items shall not be removed from Seller's premises without Karmann's prior written approval. Upon the request of Karmann, all Tooling and Karmann furnished items shall be immediately released to Karmann or delivered to Karmann by Seller, either a) FOB at Seller's plant properly packed and marked in accordance with the requirements of the carrier selected by Karmann or b) to any location designated by Karmann. Karmann shall pay the reasonable shipping costs for delivering such property to such location. Karmann shall have the right to enter into Seller's premises at all reasonable times to inspect the property and Seller's records relating to the property.
- 23. Remedies.** All rights and remedies are reserved to Karmann and the remedies stated in this Purchase Order shall be considered to be cumulative and in addition to all other rights or further remedies as provided by law or equity.
- 24. Compliance with Applicable Law.** Seller shall comply with all federal, state and local laws, executive orders, rules and regulations, ordinances or other statutes, which may be applicable to the performance required by this Purchase Order. Among other things, this provision specifically applies to the laws for marking country of origin on all goods supplied. Seller represents that it will, at all times, comply with such applicable laws and wherever necessary shall render immediate effect to such applicable law and, further, when asked or directed by Karmann shall furnish proof of such compliance.
- 25. Customs, Duties, Drawbacks and Taxes.** Upon request, Seller shall furnish promptly all documents required for Customs drawback purposes, properly completed in accordance with applicable Government regulations. Unless otherwise agreed, all Customs drawback will be credited to Karmann. Any future reduction in Seller's cost resulting from a reduction in freight rates, customs, duties, import taxes, excess taxes and/or sales taxes from those in force on the effective date of this Purchase Order shall be credited to Karmann by a reduction of the price of the goods.

26. **Waiver.** The failure of either party, at any time, to require performance by the other party of any provision of this Purchase Order shall not affect the right to require such performance at any future time, nor shall a waiver of either party of any breach of any provision of this Purchase Order constitute a waive of any succeeding breach of the same or any other provision.
27. **Assignments.** Seller may not assign or delegate its obligations under this Purchase Order without Karmann's prior written consent which may be withheld in Karmann's discretion.
28. **Relationships.** Karmann and Seller are independent contracting parties and shall not be considered the agent or legal representative of the other for any purpose. Neither party has authority to assume or create any obligation on behalf of or in the name of the other.
29. **Governing Law.** This Purchase Order is to be constructed according to the laws of the state of Michigan.
30. **Advertising.** Seller shall not, without first obtaining the written consent of Karmann, in any manner advertise or publish the fact that Seller has contracted to furnish Karmann or Karmann's customer the goods or services covered by this Purchase Order. Seller shall not use any trademark, trade names, copyrights, or patents of Karmann or Karmann's customer in the Seller's advertising or promotional materials. Any press releases shall be approved in advance by Karmann.
31. **Severability.** In the event that any term of this Purchase Order is held invalid or unenforceable under any statute, regulation or ordinance, or by any executive order or decision of any court of competent jurisdiction then such term shall be deemed reformed or deleted but only to the extent necessary to become valid and enforceable. All remaining terms shall remain in full force and effect.
32. **Agreement.** This Purchase Order, together with the documents specifically referenced, constitutes the entire agreement between Karmann and Seller with respect to the covered goods and services and supersedes all prior written or oral representations and agreements. This Purchase Order may only be modified by a Purchase Order amendment or alteration specifically identified as such and executed by Karmann's Purchasing Manager.
33. **Arbitration.** Any monetary dispute shall be resolved by binding arbitration before three arbitrators in proceedings conducted according to the rules of the American Arbitration Association. Each party shall select one arbitrator. The two arbitrators shall select the third. Karmann and Seller shall each remain responsible for their costs and expenses and shall share the costs of the third arbitrator. The arbitrators shall decide the claims before them and may award reasonable attorneys' fees to the prevailing party. The award of the arbitrators shall be final and may be enforced by a court of competent jurisdiction. Any claim for arbitration shall be waived if not brought within 1 year of date on which it first arose. Either party may seek injunctive or other equitable relief in the appropriate court in the state and county where the opposing party is venued.