



TERMS AND CONDITIONS FOR CAPITAL EQUIPMENT PURCHASES

Last revised October 31, 2016

Notwithstanding anything to the contrary in any quotation, purchase order or other communication (except a subsequent written amendment signed by the parties), the following terms will apply exclusively to all purchases by Adient plc or its designated subsidiaries from the Seller of capital equipment and services directly related to the production and/or installation thereof. For any purchase of materials, production parts, tooling, service parts or other goods or services, the Adient plc Terms and Conditions of Purchase (available at <http://www.adient.com/terms>) will apply instead of these terms.

1. Offer; Acceptance; Exclusive Terms; Identity of Buyer; Country Supplement. Each purchase order or purchase order revision issued by Buyer ("Order") is an offer or counteroffer to Seller for the purchase of goods and/or services listed in the Order ("Supplies") and includes and is governed by these terms, together with any applicable Country Supplement (collectively, "Terms"). When accepted, the Order supersedes all prior agreements, orders, quotations, proposals and other communications regarding the goods and/or services covered by the Order, except that a signed prior agreement (such as an award letter, Statement of Work or Non-Disclosure Agreement) will continue to apply to the extent not directly in conflict with the Order. Seller accepts the Order, including these Terms, and forms a contract by doing any of the following: (a) commencing any work under the Order; (b) accepting the Order in writing; or (c) any other conduct that recognizes the existence of a contract with respect to the subject matter of the Order. **The Order is limited to and conditional upon Seller's acceptance of these Terms exclusively.** The Order does not constitute an acceptance of any offer or counteroffer made, or sales order or quotation submitted, by Seller. Any reference in the Order to any offer or proposal made by Seller is solely to incorporate the description or specifications of Supplies in the prior proposal, but only to the extent that the description or specifications do not conflict with the description and specifications in the Order. Any additional or different terms proposed by Seller, whether in Seller's quotation, acknowledgement, invoice or otherwise, are unacceptable to Buyer, are expressly rejected by Buyer, and will not become part of the Order. Any modification of Buyer's Terms must be expressly stated in the Order. Each Order can be modified only under Section 37 of these Terms. If the Order covers services, Buyer is required to purchase such services to the extent expressly stated in a Statement of Work signed by Buyer. Unless expressly stated on the face of the Order or in a signed agreement, Buyer is not required to purchase Supplies exclusively from Seller. "Buyer" is the subsidiary or affiliate of Adient plc identified in the Order; if no such entity is identified, the Buyer is Adient plc.

2. Delivery; Risk of Loss. Time is of the essence with respect to performance of the Order, including without limitation the delivery of drawings (including, without limitation, proprietary drawings), bills of material and other information and conforming goods and services under the Contract. Seller agrees to 100% on-time delivery of the quantities and at the times specified by Buyer, as stated in the Order. Buyer may change the rate of scheduled shipments or direct temporary suspension of scheduled shipments, neither of which entitles Seller to modify the price for Supplies. Buyer is not obligated to accept early deliveries, late deliveries, partial deliveries or excess deliveries. Buyer reserves the right to refuse all or any portion of the Supplies and/or to terminate all or any portion of the Order if Seller fails to timely deliver or perform any portion of the Supplies in accordance with the Order. If Seller's delivery of drawings (including without limitation proprietary drawings), other information or goods will not meet the required delivery date(s) for any reason, Seller shall provide Buyer with written notice of such delay and, unless Buyer terminates the Order as a result of such breach, Seller shall ship the drawings, other information or goods

via the most expeditious available method of transportation, and any additional cost resulting from such method of transportation shall be borne by Seller. Unless otherwise agreed in writing by Buyer, regardless of shipping terms, all risk that the Supplies may be lost, damaged, stolen or delayed in transit shall be borne by Seller until conforming goods have been actually received, inspected, tested and accepted by Buyer in accordance with the Order. Seller shall not unreasonably anticipate delivery by purchasing materials or manufacturing quantities earlier than or in excess of what is reasonably required to meet Buyer's delivery schedule.

3. Invoicing and Pricing; Freight. Except as expressly stated in the Order under the heading "Freight," the price of Supplies includes storage, handling, packaging and all other expenses and charges of Seller. Except as otherwise stated in the Order, the shipping terms for all goods shipped from locations within the United States are F.O.B. (as that term is defined and used in Section 2-319 of the Uniform Commercial Code) Buyer's designated facility or such other location designated by Buyer. Except as otherwise stated in the Order, Supplies will be shipped FCA (loaded) at Seller's final production location, using Buyer's transportation. All invoices for the Supplies must reference the Order number, amendment or release number, Buyer's part number, Seller's part number where applicable, quantity of pieces in the shipment, number of cartons or containers in the shipment, bill of lading number, and other information required by Buyer. Buyer will pay proper invoices complying with all of the terms of the Order. The total price also includes all applicable duties and taxes except for any governmentally imposed value added tax (VAT) which must be shown separately on Seller's invoice for each shipment. Buyer is not responsible for any federal, state, provincial, local or foreign taxes, duties, customs, assessments and other fees and charges of any nature whatsoever imposed by any governmental authority arising in connection with the sale, purchase, transportation, use or possession of any Supplies, including without limitation business activity taxes, payroll taxes or taxes on Seller's income or assets, except any taxes expressly identified on the face of this document as being payable by Buyer. Seller will pay all premium freight costs over normal freight costs if Seller needs to use an expedited shipping method to meet agreed delivery dates due to its own acts or omissions. Seller will pay any costs incurred by Buyer, including without limitation costs charged by Buyer's customer(s) to Buyer, as a result of Seller's failure to comply with shipping or delivery requirements. If no facility is specified in the Order, Seller shall inquire as to the delivery facility and ship the Supplies to the facility specified by Buyer in writing.

4. Packaging; Marking; Shipping; Disclosure; Special Warnings or Instructions. Seller will: (a) properly pack, mark, and ship Supplies according to the requirements of Buyer, the involved carriers and the country of destination; (b) route the shipments according to Buyer's instructions; (c) label or tag each package according to Buyer's instructions; (d) provide papers with each shipment showing the Order number, amendment or release number, number of pieces in the shipment, number of containers in the shipment, Seller's name and number, and the bill of lading number; and (e) promptly forward the original bill of lading or other shipment receipt for each shipment according to Buyer's instructions and carrier requirements. Except as set forth in the Order, no charge shall be made to Buyer for boxing, packing, crating, carting or transportation. Before and at the time Supplies are shipped, Seller will give Buyer sufficient warning in writing (including appropriate labels on all Supplies, containers, and packing, including without limitation disposal and recycling instructions, material safety data sheets and certificates of analysis) of any hazardous or restricted material that is an ingredient or part of the Supplies, together with any special handling instructions that are needed to advise carriers, Buyer, and their employees how to take appropriate measures while handling, transporting, processing, using or disposing of the Supplies, containers, and packing. Seller agrees to comply with all national, state, provincial, and local laws and regulations pertaining to product content and warning labels, including without limitation the U.S. Toxic Substances Control Act and European Union Directive 2000/53/EC. Seller will reimburse Buyer for any expenses incurred as a result of improper packing, marking, routing, or shipping.

5. Customs; Related Matters. Credits or benefits resulting from the Order, including without limitation trade credits, export credits or the refund of duties, taxes, or fees, belong to Buyer. Seller will provide all information and certificates (including NAFTA Certificates of Origin) necessary to permit Buyer (or Buyer's customers) to receive these benefits or credits. Seller agrees to fulfill any customs- or NAFTA-related obligations, origin marking or labeling requirements, and local content origin requirements. Export licenses or authorizations necessary for the export of Supplies are Seller's

responsibility unless otherwise stated in the Order, in which case Seller will provide the information necessary to enable Buyer to obtain the licenses or authorizations. Seller will promptly notify Buyer in writing of any material or components used by Seller in filling the Order that Seller purchases in a country other than the country in which the Supplies are delivered. Seller will furnish any documentation and information necessary to establish the country of origin or to comply with the applicable country's rules of origin requirements. Seller will promptly advise Buyer of any material or components imported into the country of origin and any duty included in the Supplies' purchase price. If Supplies are manufactured in a country other than the country in which Supplies are delivered, Seller will mark Supplies "Made in [country of origin]." Seller will provide to Buyer and the appropriate governmental agency the documentation necessary to determine the admissibility and the effect of entry of Supplies into the country in which Supplies are delivered. Seller warrants that any information that is supplied to Buyer about the import or export of Supplies is true and that all sales covered by the Order will be made at not less than fair value under the anti-dumping laws of the countries to which the Supplies are exported.

6. Inspection; Non-Conforming Goods/Services; Audit. Buyer may enter Seller's facility to inspect the facility, Supplies, materials, manufacturing work and any of Buyer's property (or the property of Buyer's customer) related to the Order. Buyer's acceptance, inspection, or failure to inspect does not relieve Seller of any of its responsibilities or warranties. Buyer's inspection of Supplies, whether during manufacture, prior to delivery, or within a reasonable time after delivery, does not constitute acceptance of any work-in-process or finished goods. Nothing in the Order releases Seller from the obligation of testing, inspection and quality control. Notwithstanding prior inspections, the Supplies are subject to inspection, evaluation and testing at the facility designated by Buyer, and notwithstanding any payment that may be made, the Supplies shall not be deemed accepted until such in-facility inspection, evaluation and testing demonstrate to Buyer's satisfaction that the Supplies conform to all applicable terms of the Order, including through the production of a reasonable number of sample parts, and Seller receives a signed writing from Buyer's authorized representative that acknowledges compliance of the Supplies with all applicable terms of the Order. Payment for nonconforming Supplies is not an acceptance, does not limit or impair Buyer's right to assert any legal or equitable remedy, and does not relieve Seller's responsibility for latent defects. Buyer's inspection, evaluation or testing before, during or after manufacture, delivery and performance shall not constitute a waiver of the right of subsequent rejection by reason of any latent or otherwise undiscovered defect. In addition to other remedies available to Buyer: (i) Seller agrees to accept return, at Seller's risk and expense at full invoice price, plus transportation charges, and to replace, defective Supplies as Buyer deems necessary; (ii) Buyer may have corrected at any time prior to shipment from the facility designated by Buyer Supplies that fail to meet the requirements of the Order; and/or (iii) Seller will reimburse Buyer for all reasonable expenses that result from any rejection or correction of defective Supplies. Seller will document corrective actions within a commercially reasonable period after discovery of any defect and will take whatever measures are necessary to correct the defect. Upon reasonable notice to Seller, either Buyer or its direct or indirect customers may conduct audits at Seller's facility for the purpose of quality verification. Seller will ensure that the terms of its contracts with its subcontractors provide Buyer and its customers with all of the rights specified in this Section.

7. Payment. Except as otherwise provided in these Terms, Buyer will pay proper invoices on the payment terms stated in the Order or the applicable Country Supplement, if any. Invoices must be issued only as the Supplies are approved, as provided in the Order. Buyer may withhold payment pending receipt of evidence, in the form and detail requested by Buyer, of the absence of any liens, encumbrances, or claims on Supplies provided under the Order. Payment will be made in the currency expressly stated in the Order; if no such currency is noted, payment will be made in U.S. Dollars. Payment will be made by mailing on or before the due date unless otherwise expressly agreed by Buyer. Upon and during any breach of the Order by Seller, Buyer may withhold payment of the price.

8. Changes. Buyer reserves the right to direct changes, or to cause Seller to make changes, to the goods and services to be provided pursuant to the Order, upon written notice to Seller. Buyer also reserves the right to otherwise change the scope of the work covered by the Order, including without limitation work with respect to such matters as inspection, testing or quality control, upon written notice to Seller. Buyer may also direct the supply of raw materials or other purchased components from itself or from third parties. Seller will promptly make any such requested change. In order for Seller to request a reasonable

difference in price or time for performance as a result of such a change, Seller must notify Buyer of its request in writing within ten calendar days after receiving notice of the change. Buyer shall be entitled to receive additional documentation from Seller upon request relating to any change in specifications, price or time for performance. Seller will not make any change in the Supplies' design, specifications, processing, packing, marking, shipping, price or date or place of delivery except at Buyer's written instruction or with Buyer's written approval.

9. Warranties. Seller expressly warrants and guarantees to Buyer and its affiliates and their successors, assigns and customers, that all Supplies delivered to or performed in favor of Buyer, including without limitation all software, firmware, tooling, equipment and related services, will: (a) conform to, and be capable of performing as described in, the specifications, standards, drawings, samples, descriptions and revisions as furnished or specifically approved in writing by Buyer, including without limitation at a minimum that the Supplies shall be designed and fabricated to be sufficiently durable to support the manufacture of all production and service requirements through the production lifetime of the relevant part and also permit the production of Buyer's subsequent service-only requirements; (b) comply with, and have been produced, processed, packaged, labeled, delivered and sold, and be capable of operating in conformity with, all applicable federal, state, provincial, local and foreign laws, orders, codes, regulations and standards (as amended from time to time), including without limitation the Occupational Safety and Health Act of 1971, the Fair Labor Standards Act of 1938, the National Traffic and Motor Vehicle Safety Act, United States motor vehicle safety standards and European Union Directive 2000/53/EC; (c) be free of defects in design (to the extent designed by or on behalf of Seller), materials and workmanship (latent or otherwise), and of good and merchantable quality; (d) be manufactured or otherwise fabricated, or be performed by, adequately trained, properly supervised personnel in a good and workmanlike manner and in accordance with all standards and specifications agreed on with Buyer and otherwise consistent with the best practices in Seller's industry; (e) unless requested or approved by Buyer in writing, not incorporate or consist of commercial surplus, used, remanufactured or reconditioned material or components, or material or components of such age or so deteriorated as to impair the usefulness or safety thereof; (f) be selected, designed (to the extent designed by Seller), performed, manufactured and assembled by Seller based upon Buyer's particular use and be fit and sufficient for the purposes intended by Buyer; and (g) be free and clear of all liens and encumbrances. Seller will immediately notify Buyer in writing when it becomes aware of any ingredient, component, design or defect in Supplies that is or may become harmful to persons or property. Buyer's approval of any design, drawing, material, process, specifications or Supplies will not relieve Seller of these warranties. The foregoing warranties will survive delivery, inspection and payment and run in favor of Buyer and its affiliates and their successors, assigns and customers. In the event any of the Supplies shall be unsatisfactory, defective or inferior in quality, or shall not conform to Buyer's specifications or any other requirements set forth in the Order (including without limitation Seller's warranties), Buyer, at its option and in addition to any other rights and remedies to which it is entitled under the Order, applicable law or otherwise, may (a) require Seller, at its sole cost and expense, to promptly repair or replace the goods or to promptly re-perform the services properly, (b) retain the goods at an adjusted price, (c) hold the goods at Seller's risk and expense pending Seller's specific instructions or (d) return the goods to Seller at Seller's risk and expense for replacement, credit or full or partial refund, as Buyer shall direct. Buyer may also, its discretion, refuse to accept further delivery of goods or performance of services, in whole or in part, under the Order. Seller shall reimburse Buyer for all of its costs and expenses relating to the installation, removal, storage, handling, packing and/or transporting of any such unsatisfactory, defective, inferior or otherwise nonconforming goods, and Seller shall assume all risk of loss or damage in transit to goods returned by Buyer. Notwithstanding the foregoing, Buyer reserves the right to repair the goods or re-perform the services without voiding any of Seller's warranties or other obligations under the Order. Seller shall reimburse Buyer for all of its costs and expenses relating to any such repair or re-performance.

10. Preventative Maintenance. Seller will provide Buyer with a complete and comprehensive preventative maintenance plan for Supplies prior to final acceptance at the facility designated by Buyer. The preventative maintenance plan shall include, without limitation, at least two (2) complete sets of maintenance and operating manuals for all Supplies purchased by Buyer (including one in a foreign language, if required by Buyer), as well as a detailed bill of material. Seller warrants to Buyer and its affiliates, their respective customers, and their successors and assigns, that the Supplies will operate safely

at quoted production rate and/or cycle times for the stated expected useful life if Buyer follows the preventative maintenance plan proposed by Seller. Seller will provide to Buyer upon request a complete copy of (i) the source codes for any software incorporated in the Supplies purchased by Buyer from Seller along with any additional information reasonably necessary so that a trained programmer of general proficiency may maintain and support any such software and (ii) a running object code version of such software.

11. Training. Seller will provide any and all necessary training and training materials to Buyer for the Supplies at the initial stage of installation, at no additional cost to Buyer, at Buyer's facility (unless another location is designated on the Order or in the specifications provided by Buyer). Seller will provide training in the amount and on such schedule as may be reasonably required by Buyer. Seller will provide the training materials in a computerized format, if possible. Where Seller obtains the Supplies or a portion of the Supplies from a third party for resale to Buyer, Seller shall cause such third party to provide the training contemplated in this Section.

12. Supplier Standards, Quality and Development; Required Programs. Seller will conform to applicable quality control and other standards and inspection systems as established or directed by Buyer and Buyer's customers, including without limitation, quality control policies, ISO 9000, ISO 9001:2000 and/or ISO/TS 16949:2002 tooling and equipment supplements and certifications and ISO 14001 environmental certification including registration. Seller will also participate in Buyer's supplier quality and development programs as directed by Buyer. As requested by Buyer at any time, unless otherwise specified in an applicable Country Supplement, Seller will participate in and comply with the following Buyer programs and standards: (a) Buyer's Supplier Standards Manual (including all subsections and forms), accessible at <http://www.adient.com/suppliers/supplier-expectations>; (b) Advanced Quality Planning (AQP) and Supplier Individual Development Plans (SIDP); (c) supplier performance evaluations; and (d) minority business expectations. These programs and standards may be found at <http://www.adient.com/suppliers> or by contacting Buyer's assigned purchasing representative. In the event of any discrepancy between any part of the above programs or standards and an express provision of these Terms, these Terms will control.

13. Service and Replacement Parts. Seller shall make available to Buyer, for purchase at the prices set forth in the Order, repair and replacement parts and service tools for each component of the goods, for a period of fifteen years after acceptance of the goods by Buyer or such longer period as is set forth in the Order. Notwithstanding the foregoing, the price payable by Buyer under this paragraph for any such part or tool shall not exceed the lowest delivered price for that part or tool offered or charged by Seller to any customer at any time during the six-month period immediately preceding the calculation of the price hereunder or as defined in Buyer's specifications. Such lowest delivered price shall be determined after application of any type of price discount, credit, allowance, rebate, promotion or other financial consideration offered by Seller.

14. Security Interest. To secure all of Seller's debts, obligations and liabilities under and in connection with the Order, Seller hereby grants to Buyer a security interest in the following property of Seller, whether now owned or hereafter acquired: (a) the Supplies; (b) all component parts, supplies, machinery, tools, raw materials and other equipment and property of Seller purchased or identified for use in Seller's performance of the Order or for incorporation into the goods or services; (c) all of Seller's rights by virtue of down payments and purchase orders for and all of Seller's other general intangibles relating to such component parts, supplies, machinery, tools, raw materials and other equipment and property; (d) all drawings (including without limitation proprietary drawings), plans, specifications, blueprints and other documents prepared during or in connection with Seller's performance of the Order; and (e) all accessions and attachments to and all proceeds and products of any of the foregoing. Seller authorizes Buyer to file such financing statements and other documents, and to take such actions, as Buyer reasonably deems necessary or advisable to protect Buyer's rights in the items described in subclauses (a)-(e) above.

15. Anticipatory Repudiation. Whenever Buyer in good faith has reason to question Seller's ability or intent to perform in accordance with the Order, Buyer may demand in writing adequate assurance from Seller of Seller's ability and/or intent to perform, and Buyer may suspend performance under the Order

pending receipt of such assurance. In the event such a demand is made and adequate assurance, in form and substance acceptable to Buyer in its sole discretion, is not given by Seller within ten (10) calendar days after any such demand (or such shorter period of time if commercially reasonable under the circumstances), that failure may be treated as a repudiation of the Order by Seller, and Buyer may seek or exercise any remedy for such repudiation.

16. Remedies. The rights and remedies reserved to Buyer in the Order will be cumulative with and in addition to all other or legal or equitable remedies. Seller will reimburse Buyer for Buyer's damages caused by Seller's breach or by nonconforming Supplies. Buyer's damages include reasonable professional fees incurred by Buyer. If requested by Buyer, Seller will enter into a separate agreement for the administration or processing of warranty charge-backs for nonconforming Supplies, and will participate in and comply with warranty reduction or related programs as directed by Buyer that relate to the Supplies. In any action brought by Buyer to enforce Seller's obligations in connection with the production or delivery of Supplies or transition support or for possession of property, the parties agree that Buyer does not have an adequate remedy at law and Buyer is entitled to an immediate order for specific performance of Seller's obligations, plus Buyer's reasonable attorneys' fees.

17. Compliance with Laws; Ethics. Seller, and any Supplies supplied by Seller, will comply with all applicable laws, including rules, regulations, orders, conventions, ordinances and standards, that relate to the manufacture, labeling, transport, import, export, licensing, approval or certification of the Supplies, including laws relating to environmental matters, hiring, wages, hours and conditions of employment, subcontractor selection, discrimination, occupational health or safety and motor vehicle safety. The Order incorporates by reference all clauses required by these laws. All materials used by Seller in the Supplies or in their manufacture will satisfy current governmental and safety constraints on restricted, toxic and hazardous materials as well as environmental, electrical and electromagnetic considerations that apply to the country of manufacture, sale or destination. Seller and its employees and contractors will abide by Buyer's Ethics Policy (available at <http://www.adiant.com/ethics>) or Seller's own equivalent ethics policy.

18. Indemnification. Seller will defend, indemnify and hold harmless Buyer and its affiliates, and their respective customers (both direct and indirect, including manufacturers of vehicles parts of which were constructed or designed using Supplies), directors, officers, employees, agents, insurers, successors and assigns, and dealers and users of the products sold by Buyer (or the vehicles parts of which were constructed or designed using Supplies) and all of their respective agents, successors and assigns (the "Indemnified Parties") against all damages, losses, claims, liabilities and expenses (including without limitation attorneys' and other professional fees, settlements and judgments) arising out of or resulting from: (a) defective Supplies; (b) any actual or alleged breach of or failure by Seller to comply with any representation, warranty, covenant or other term and condition in any Order; or (c) any actual or alleged injury to or death of any person, or any actual or alleged damage to or loss of any property, arising out of (x) any goods in the possession or under the control of Seller, its employees, agents, suppliers or contractors, (y) any services performed by Seller, its employees, agents, suppliers or contractors or (z) the negligent or wrongful acts or omissions or intentional misconduct of Seller, its employees, agents, suppliers or contractors. If Seller performs any work on Buyer's or Buyer's customer's premises or utilizes the property of Buyer or Buyer's customer, whether on or off Buyer's or Buyer's customer's premises: (a) Seller will examine the premises to determine whether they are safe for the requested services and will advise Buyer promptly of any situation it deems to be unsafe; (b) Seller's employees, contractors, and agents will comply with all regulations that apply to the premises and may be removed from Buyer's premises at Buyer's discretion; (c) Seller's employees, contractors, and agents will not possess, use, sell, transfer or be under the influence of alcohol or unauthorized, illegal, or controlled drugs or substances on the premises; and (d) to the fullest extent permitted by law, Seller will indemnify and hold Buyer and Buyer's customer, and their respective agents, successors and assigns, harmless from and against any liability, claims, demands or expenses (including reasonable attorneys' and other professional fees, settlements and judgments) for damages to the property of or personal injuries to Buyer, its customer, their respective agents, or any other person or entity to the extent arising from or in connection with Seller's work on the premises or Seller's use of Buyer's or Buyer's customer's property, except to the extent caused by Buyer's sole negligence.

19. Insurance. Seller, at its sole cost and expense, will maintain the insurance coverage listed below or in additional amounts as may be reasonably requested by Buyer or (to the extent directed by Buyer) Buyer's customer(s), in each case naming Buyer and its affiliates and customer(s) as "additional insured" as requested by Buyer. In all cases, such insurance policies will provide for the waiver of the insurer's right of subrogation against Buyer and Seller. Seller will furnish to Buyer from time to time upon Buyer's written request a certificate showing compliance with this requirement or certified copies of all insurance policies within 10 days of Buyer's request. The certificate will provide that Buyer (and, if applicable, Buyer's customers) will receive 30 days prior written notice from the insurer of any termination or reduction in the amount or scope of coverage. The existence of insurance does not release Seller of its obligations or liabilities under the Order. Except as otherwise provided in an applicable Country Supplement, minimum coverage is as follows:

<u>COVERAGE</u>	<u>LIMITS OF LIABILITY</u>
Workers compensation	Statutory
Employer's liability	US\$100,000 / each accident, disease policy limit, disease each employee
Comprehensive general liability insurance, including contractual liability coverage	US\$5,000,000 / each occurrence, general aggregate, products & completed operations aggregate
Comprehensive automobile liability insurance	US\$1,000,000 / each occurrence, combined single limit

20. Insolvency. The Order may be terminated immediately by Buyer without liability to Seller if any of the following or comparable events occur, and Seller will reimburse Buyer for all costs incurred by Buyer in connection with any of the following, including without limitation attorneys' and other professional fees: (a) Seller becomes insolvent; (b) Seller files a voluntary petition in bankruptcy; (c) an involuntary petition in bankruptcy is filed against Seller; (d) a receiver or trustee is appointed for Seller; (e) Seller needs accommodations from Buyer, financial or otherwise, in order to meet its obligations under the Order; or (f) Seller executes an assignment for the benefit of creditors.

21. Termination for Breach or Nonperformance. Without limiting any other provision of the Order or Buyer's rights under applicable law, Buyer may terminate all or any part of the Order, without liability to Seller, if Seller: (a) repudiates, breaches or threatens to breach any of the terms of the Order; (b) fails or threatens not to deliver Supplies or perform services in connection with the Order; (c) fails to make progress or to meet reasonable quality requirements so as to endanger timely and proper completion or delivery of Supplies and does not correct the failure or breach within 10 days (or such shorter period of time if commercially reasonable under the circumstances) after receipt of written notice from Buyer specifying the failure or breach; or (d) enters or offers to enter into a transaction that includes a sale of a substantial portion of its assets used for the production of Supplies for Buyer or a merger, sale or exchange of stock or other equity interests that would result in a change in control of Seller. Seller will notify Buyer within ten days after entering into any negotiations that could lead to the situation specified in subsection (d) above, provided that upon Seller's request, Buyer will enter into an appropriate nondisclosure agreement related to information disclosed to Buyer in relation to such transaction. Seller may terminate the Order only for non-payment of the purchase price for Supplies which are thirty (30) or more days past due and material in amount, and then only if: (i) Seller first provides Buyer written notice specifying the amounts past due and Seller's intent to terminate the Order if the past due amount is not paid; and (ii) Buyer, within sixty (60) days of such notice, does not either: (x) pay the past due amounts, or (y) notify Seller that the amounts claimed to be unpaid are disputed by Buyer. Seller shall terminate under this Section by delivering a Termination Notice to Buyer. Seller may not terminate or cancel the Order for any reason except as permitted under this Section. Seller may not suspend performance of the Order for any reason.

22. Termination. In addition to any other rights of Buyer to cancel or terminate the Order, Buyer may in its sole discretion terminate all or any part of the Order at any time and for any reason by giving written notice to Seller. Upon receipt of notice of termination, and unless otherwise directed by Buyer, Seller will: (a) promptly terminate all work under the Order; (b) transfer title and deliver to Buyer the finished

Supplies, the work in process, and the parts and materials that Seller reasonably produced or acquired according to quantities ordered by Buyer, free and clear of liens, claims and encumbrances; (c) verify and settle any claims by subcontractors for actual costs incurred directly as a result of the termination and ensure the recovery of materials in subcontractors' possession; (d) take actions reasonably necessary to protect property in Seller's possession in which Buyer has an interest until disposal instruction from Buyer has been received; and (e) upon Buyer's request, cooperate with Buyer in transferring the production of Supplies to a different supplier, including as described in Section 24. Upon termination by Buyer under this Section, Buyer will be obligated to pay only the following: (i) the Order price for all finished Supplies in the quantities ordered by Buyer that conform to the Order; (ii) Seller's reasonable actual cost of merchantable and useable work-in-process and the parts and materials transferred to Buyer under part (b) above; (iii) Seller's reasonable actual costs of settling claims regarding its obligations to its subcontractors required under the Order, to the extent directly caused by the termination; and (iv) Seller's reasonable actual cost of carrying out its obligation under subsection (d). Notwithstanding any other provision, Buyer will have no obligation for and will not be required to pay Seller, directly or on account of claims by Seller's subcontractors, for loss of anticipated profit, unabsorbed overhead, interest on claims, product development and engineering costs, tooling, facilities and equipment rearrangement costs or rental, unamortized capital or depreciation costs, finished goods, work-in-process or raw materials that Seller fabricates or procures, or general administrative burden charges from termination of the Order, except as otherwise expressly agreed in a separate Order issued by Buyer. Any obligation of Buyer upon termination under this Section will not exceed the obligation Buyer would have had to Seller in the absence of termination. Seller will furnish to Buyer, within one month after the date of termination (or such shorter period as may be required by Buyer's customer), its termination claim, which will consist exclusively of the items of Buyer's obligation to Seller that are expressly permitted by this Section. Buyer may audit Seller's records before or after payment to verify amounts requested in Seller's termination claim. Buyer will have no obligation for payment to Seller under this Section if Buyer terminates the Order or portion thereof because of a default or breach by Seller.

23. Transition of Supply. In connection with termination of the Order by either party or Buyer's other decision to change to an alternate source of Supplies, Seller will cooperate in the transition of supply, including the following: (a) Seller will continue production, delivery and performance of all Supplies as ordered by Buyer, at the prices and other terms provided in the Order, without premium or other condition, during the entire period reasonably needed by Buyer to complete the transition to the alternate supplier(s), such that Seller's action or inaction causes no interruption in Buyer's ability to obtain Supplies as needed; (b) at no cost to Buyer, Seller will promptly provide all requested information and documentation regarding and access to Seller's manufacturing process, including on-site inspections, bill-of-material data, tooling and process detail and samples of Supplies and components; and (c) subject to Seller's reasonable capacity constraints, Seller will provide special overtime production, storage and/or management of extra inventory of Supplies, extraordinary packaging and transportation and other special services (collectively, "Transition Support") as expressly requested by Buyer in writing. If the transition occurs for reasons other than Seller's termination or breach, Buyer will, at the end of the transition period, pay the reasonable, actual cost of Transition Support as requested and incurred, provided that Seller has advised Buyer prior to incurring such amounts of its estimate of such costs. If the parties disagree on the cost of Transition Support, Buyer will pay the agreed portion to Seller and pay the disputed portion into third-party escrow for disbursement by arbitration.

24. Force Majeure. Any delay or failure of either party to perform its obligations will be excused if and to the extent that the party is unable to perform specifically due to an event or occurrence beyond its reasonable control and without its fault or negligence, such as: acts of God; restrictions, prohibitions, priorities or allocations imposed or actions taken by a governmental authority; embargoes; fires; explosions; natural disasters; riots; wars; sabotage; inability to obtain power; or court injunction or order. The change in cost or availability of materials, components or services based on market conditions, supplier actions or contract disputes will not excuse performance and Seller assumes these risks. As soon as possible (but no more than one full business day) after the occurrence, Seller will provide written notice describing such delay and assuring Buyer of the anticipated duration of the delay and the time that the delay will be cured. During the delay or failure to perform by Seller, Buyer may at its option: (a) purchase Supplies from other sources and reduce its schedules to Seller by such quantities, without liability to Seller;

(b) require Seller to deliver to Buyer at Buyer's expense all finished goods, work in process and parts and materials produced or acquired for work under the Order; or (c) have Seller provide Supplies from other sources in quantities and at a time requested by Buyer and at the price set forth in the Order. In addition, Seller at its expense will take all necessary actions to ensure the supply of Supplies to Buyer for a period of at least 30 days during any anticipated labor disruption or resulting from the expiration of Seller's labor contracts.

25. Proprietary Rights. Seller agrees: (a) to defend, hold harmless and indemnify Buyer, its successors and customers against claims of direct or contributory infringement or inducement to infringe any proprietary right (including without limitation any patent, trademark, copyright, moral, industrial design right or misuse or misappropriation of trade secret) and against any resulting damages or expenses, including attorneys' and other professional fees, settlements and judgments, arising in any way in relation to Supplies procured or provided by Seller (including without limitation their manufacture, purchase, use and/or sale), including such claims where Seller has provided only part of Supplies, and Seller expressly waives any claim against Buyer that such infringement arose out of compliance with Buyer's specification, except to the extent such infringement is actually embodied in designs created by Buyer and provided in writing to Seller; (b) to waive any claim against Buyer, including without limitation any hold-harmless or similar claim, in any way related to a third-party claim asserted against Seller or Buyer for infringement of any proprietary right (including without limitation any patent, trademark, copyright, moral, industrial design right or misuse or misappropriation of trade secret); (c) that Buyer and its subcontractors and direct or indirect customers have the worldwide, irrevocable right to repair, reconstruct or rebuild, and to have repaired, reconstructed or rebuilt, Supplies delivered under the Order without payment of any royalty or other compensation to Seller; (d) that manufactured parts based on Buyer's designs, drawings or specifications may not be used for Seller's own use or sold to third parties without Buyer's express written consent; (e) to assign to Buyer each invention, discovery or improvement (whether or not patentable) that is conceived or first reduced to practice by Seller, or by any person employed by or working under the direction of Seller, in the performance of the Order; (f) to promptly disclose in an acceptable form to Buyer all such inventions, discoveries or improvements and to cause its employees to sign any papers necessary to enable Buyer to obtain title to and to file applications for patents throughout the world; (g) to the extent that the Order is issued for the creation of copyrightable works, that the works will be considered "works made for hire," and to the extent that the works do not qualify as such, to assign to Buyer upon delivery thereof all right, title and interest in all copyrights and moral rights therein (including any source code); and (h) not to assert any claim against Buyer, Buyer's customers, or their respective suppliers, with respect to any technical information that Seller has disclosed or may disclose to Buyer in connection with the Supplies covered by the Order, except to the extent expressly covered by a separate written confidentiality and/or license agreement signed by Buyer or by a valid patent expressly disclosed to Buyer prior to or at the time of the Order. Except as expressly agreed by Buyer in a signed writing, all Supplies or other deliverables provided under the Order (including without limitation computer programs, technical specifications, documentation and manuals) will be original to Seller and will not incorporate any intellectual property rights (including without limitation copyright, patent, trade secret or trademark rights) of any third party. Except as expressly agreed by Buyer in a signed writing, all deliverables or services provided under the Order, and all related intellectual property rights, are owned solely by Buyer. Seller will ensure that the terms of its contracts with its subcontractors and employees are consistent with the terms of this Section. If Buyer's use of any of the goods or services, or of any of the intellectual property or proprietary rights granted to Buyer under the Order (the "granted rights"), is enjoined in connection with any claim, action or suit alleging that such goods, services or granted rights infringe or contribute to the infringement of any patent, copyright, trademark, service mark, trade secret or other proprietary right in the United States or elsewhere, then Seller shall, at its sole cost and expense, either (i) procure for Buyer the perpetual right to continue using the affected goods, services and granted rights without restriction and without any obligation on the part of Buyer to make any royalty or other payments, (ii) replace the affected goods, services and granted rights with non-infringing goods, services and rights that do not adversely affect Buyer's right to use the goods, services or granted rights as contemplated by Buyer on the date of the Order (including without limitation any adverse affect relating to the functionality of the goods, services or granted rights or the cost of using or maintaining the goods, services or granted rights), or (iii) modify the affected goods, services and granted rights in a manner that does not adversely affect Buyer's right to use the goods, services or granted rights as contemplated on the date of the Order (including without limitation

any adverse affect relating to the functionality of the goods, services or granted rights or the cost of using or maintaining the goods, services or granted rights) so that the affected goods, services and granted rights become non-infringing. Seller's obligations under this paragraph shall be in addition to, and shall not limit, restrict or otherwise affect in any way, the other obligations of Seller under the Order, applicable law or otherwise. Seller hereby grants to Buyer and its affiliates, both direct and indirect, an irrevocable, perpetual, worldwide, non-exclusive, royalty-free license (i) to use, and to authorize third parties to use, all inventions, discoveries, improvements, processes, designs, ideas, software and other intellectual property owned or acquired by Seller that is necessary or incident to the reasonably intended use or application of the Supplies or that Seller conceives or first reduces to practice in performance of the Order and (ii) to reproduce, translate, publish, use and dispose of, and to authorize others to do so, any copyrighted or copyrightable materials delivered to Buyer by Seller in connection with the performance of the Order. Seller acknowledges that nothing in the Order grants or otherwise provides Seller or any of its affiliates with any rights relating to any patent, copyright, trademark, service mark, trade secret or other proprietary right of Buyer or any of its affiliates.

26. Buyer's Property. If Seller manufactures, purchases or otherwise acquires any tools, dies, molds, forms or related equipment in connection with the performance of the Order and charges Buyer for the use of the tools, dies, molds, forms or related equipment (including without limitation through a tool service charge), the tools, dies, molds, forms and related equipment shall be and remain Buyer's Property. Seller shall not transfer any interest in, or otherwise deliver possession of, the Buyer's Property to any person or entity other than to Buyer or such other person or entity as is designated by Buyer in writing. Buyer's Property will be held by Seller or by a third party, to the extent that Seller has transferred possession of Buyer's Property to a third party with Buyer's express prior written permission, on a bailment basis as a bailee-at-will. Buyer's Property shall at all times be stored in a secure, covered and locked area at the facility to which it is shipped or at such other location as Buyer may approve in writing from time to time. Seller shall not provide any of its employees, or any other person or entity, with access to the Buyer's Property, except for those employees of Seller who have a definable need to access the Buyer's Property to permit Seller to use the Buyer's Property as authorized in this Section. Seller bears the risk of loss of and damage to Buyer's Property. Seller is solely responsible for inspecting, testing and approving all Buyer's Property prior to any use, and Seller assumes all risk of injury to persons or property arising from Buyer's Property. Buyer's Property will be housed, maintained, repaired and replaced by Seller at Seller's expense in good working condition capable of producing Supplies meeting all applicable specifications, will not be used by Seller for any purpose other than the performance of the Order, will be deemed to be personalty, will be conspicuously marked by Seller as the property of Buyer, will not be commingled with the property of Seller or with that of a third person, and will not be moved from Seller's premises without Buyer's prior written approval. Seller will insure Buyer's Property with full fire and extended coverage insurance for its replacement value. Any replacement of Buyer's Property will become Buyer's Property. Seller may not release or dispose Buyer's Property to any third party without the express written permission of Buyer. Buyer will have the right to enter Seller's premises to inspect Buyer's Property and Seller's records regarding Buyer's Property. Only Buyer (or Buyer's affiliates) has any right, title or interest in Buyer's Property, except for Seller's limited right, subject to Buyer's sole discretion, to use Buyer's Property in the manufacture of Supplies. Buyer and its affiliates have the right to take immediate possession of Buyer's Property at any time without payment of any kind. Seller agrees to cooperate with Buyer if Buyer elects to take possession of Buyer's Property. Effective immediately upon written notice to Seller, without further notice or legal action, Buyer has the right to enter the premises of Seller and take possession of all of Buyer's Property. Seller expressly waives any right to additional notice or process and agrees to provide Buyer or its nominee(s) with immediate access to Buyer's Property. Seller grants to Buyer a limited and irrevocable power of attorney, coupled with an interest, to execute and record on Seller's behalf any notice financing statements with respect to Buyer's Property that Buyer determines are reasonably necessary to reflect Buyer's interest in Buyer's Property. At any time and from time to time upon Buyer's request, Seller shall return all of the Buyer's Property to Buyer or such other person or entity as is designated by Buyer in writing, in any case in accordance with the shipping instructions provided by Buyer. Seller shall return the Buyer's Property in the condition in which it was received by Seller, except for ordinary wear and tear and except to the extent the Buyer's Property is incorporated into goods provided to Buyer pursuant to the Order or is consumed in the normal production of such goods. Seller shall indemnify and hold harmless the Indemnified Parties from and against any loss of or damage to any Buyer's Property that

occurs prior to delivery of possession of the Buyer's Property to Buyer or such other person or entity as is designated by Buyer in writing. Seller waives any statutory, equitable or other lien or other rights that Seller might otherwise have on any of Buyer's Property, including without limitation tool and toolmaker's, mold and molder's and builder's liens.

27. Set-Off; Recoupment. In addition to any right of setoff or recoupment provided by law, all amounts due to Seller will be considered net of indebtedness of Seller and its affiliates or subsidiaries to Buyer and its affiliates or subsidiaries. Buyer will have the right to set off against or to recoup from any payment or other obligation owed to Seller, in whole or in part, any amounts due to Buyer or its affiliates or subsidiaries from Seller or its affiliates or subsidiaries. Buyer will provide Seller with a statement describing any offset or recoupment taken by Buyer.

28. Confidentiality. Seller acknowledges that proprietary and confidential information will be received from Buyer or developed for Buyer under the Order, regardless of whether such information is marked or identified as confidential. All terms of the Order are deemed proprietary and confidential information of Buyer. Seller agrees to keep all proprietary or confidential information of Buyer in strictest confidence, and further agrees not to disclose or permit disclosure to others, or use for other than the purpose of the Order, any proprietary and confidential information of Buyer. Following the expiration or termination of the Order, upon Buyer's request, Seller will promptly deliver to Buyer any and all documents and other media, including all copies thereof and in whatever form, that contain or relate to Buyer's confidential or proprietary information. Seller's obligations under this Section will continue for a period of five years from the date of disclosure of information covered by this Section, unless a longer period is specified in writing by Buyer. The restrictions and obligations of this Section will not apply to information that: (a) is already publicly known at the time of its disclosure by Buyer; (b) after disclosure by Buyer becomes publicly known through no fault of Seller; or (c) Seller can establish by written documentation was properly in its possession prior to disclosure by Buyer or was independently developed by Seller without use of or reference to Buyer's information. Notwithstanding anything to the contrary in these Terms, any confidentiality or non-disclosure agreement between the parties that predates the Order will remain in effect except as expressly modified by the Order, and to the extent of a conflict between the express terms of such an agreement and this Section, the terms of that agreement will control.

29. No Publicity. Seller will not advertise, publish or disclose to any third party (other than to Seller's professional advisors on a confidential and need-to-know basis) in any manner the fact that Seller has contracted to furnish Buyer the Supplies covered by the Order or any terms of the Order (including prices), or use any trademarks or trade names of Buyer in any press release, advertising or promotional materials, without first obtaining Buyer's written consent.

30. Relationship of Parties. Seller and Buyer are independent contracting parties and nothing in the Order will make either party the employee, agent or legal representative of the other for any purpose. The Order does not grant either party any authority to assume or to create any obligation on behalf of or in the name of the other. Seller will be solely responsible for all employment and income taxes, insurance premiums, charges and other expenses it incurs in connection with its performance of the Order, except as expressly provided in a written agreement signed by Buyer. All employees and agents of Seller or its respective contractors are employees or agents solely of Seller or such contractors, and not of Buyer, and are not entitled to employee benefits or other rights accorded to Buyer's employees. Buyer is not responsible for any obligation with respect to employees or agents of Seller or its contractors.

31. Conflict of Interest. Seller represents and warrants that its performance of the Order will not in any way conflict with any continuing interests or obligations of Seller or its employees or contractors. Seller further warrants that while the Order is in effect, Seller and those of its employees and contractors participating in the performance of the Order will refrain from any activities which could reasonably be expected to present a conflict of interest with respect to Seller's relationship with Buyer or its performance of the Order.

32. Non-Assignment. Seller may not, without Buyer's prior written consent, (a) assign or delegate its obligations under the Order (in whole or in part, including outsourced components), or (b) enter into or

offer to enter into a transaction that includes a sale of a substantial portion of its assets used for the production of the Supplies for Buyer or a merger, sale or exchange of stock or other equity interests that would result in a change of control of Seller.. In the event of any approved assignment, sale or delegation authorized by Buyer, Seller retains all responsibility for Supplies, including all related warranties and claims, unless otherwise expressly agreed in writing by Buyer.

33. Sales Tax Exemption. The Supplies purchased under the Order are identified as industrial processing and may be exempt from sales taxes. In such case, the tax identification number and/or other exemption information may be stated in the Order, the applicable Country Supplement or may otherwise be provided by Buyer.

34. Governing Law; Arbitration; Jurisdiction. The Order is to be construed according to the laws of the jurisdiction as stated in the applicable Country Supplement; if no such jurisdiction is specified, the Order will be governed by the laws of the State of Michigan and the United States of America. The provisions of the United Nations Convention on Orders for the International Sale of Goods, and any conflict-of-laws provisions that would require application of another choice of law, are excluded. The arbitration provisions of this Section will be governed by the United States Federal Arbitration Act. At Buyer's option, exercised by written notice any time before or within 30 days following the service of process in a legal action, any dispute regarding the Supplies, the Order, the validity of the Order or any of these Terms, or any other matter between the parties (other than requests for equitable or injunctive relief or specific performance) will be resolved by binding arbitration, conducted in the English language using a single arbitrator. The location and rules of the arbitration will be as stated in the applicable Country Supplement. If such location and/or rules are not identified: (a) the arbitration will be conducted under the commercial arbitration rules of the American Arbitration Association (AAA) and under Rules 26 through 37 of the U.S. Federal Rules of Civil Procedure, in a location agreed by the parties; (b) if the parties cannot agree on a location within 30 days of either party's written request for arbitration, the arbitration will be conducted in metropolitan Detroit, Michigan, USA; and (c) the arbitrator will be selected from an AAA list using the AAA-recommended selection method. The arbitrator will issue written findings of fact and conclusions of law, and may award attorneys' fees and costs to the substantially prevailing party. In no event will any party be awarded punitive or exemplary damages. The award of the arbitrator will be enforceable in any court of competent jurisdiction, provided that either party may appeal to the court identified in the Country Supplement, or if no court is identified, then to the U.S. District Court for the Eastern District of Michigan, for correction of any clear error of fact or law by the arbitrator (provided that the appealing party must first post an appropriate bond and that the prevailing party in any such action will be entitled to its attorneys' fees and costs). In all other cases, including any request for equitable or injunctive relief or specific performance, the parties agree and consent to the exclusive jurisdiction of the Circuit Court for Wayne County, Michigan or the U.S. District Court for the Eastern District of Michigan, as applicable, provided that Buyer may elect to bring an action against Seller in any court having jurisdiction over Seller.

35. Language; Severability; No Implied Waiver. The parties acknowledge that it is their wish that these terms and all documents relating thereto be in the English language only / *Les parties aux présents reconnaissent avoir voulu que cette convention ainsi que tous les documents qui s'y rattachent soient rédigés en langue anglaise seulement.* If any term of the Order is invalid or unenforceable under any statute, regulation, ordinance, executive order or other rule of law, the term will be deemed reformed or deleted, as the case may be, but only to the extent necessary to comply with applicable law. The remaining provisions of the Order will remain in full force and effect. The failure of either party at any time to require performance by the other party of any provision of the Order will not affect the right to require performance at any later time, nor will the waiver of either party of a breach of any provision of the Order constitute a waiver of any later breach of the same or other provision of the Order.

36. Survival. The obligations of Seller to Buyer survive termination of the Order, except as otherwise provided in the Order.

37. Entire Agreement; Modifications. Except as described in Section 1, the Order, together with the attachments, exhibits, supplements or other terms of Buyer specifically referenced therein, including these

Terms, constitutes the entire agreement between Seller and Buyer with respect to the matters contained in the Order. The Order may only be modified by a written amendment executed by authorized representatives of each party or, for changes within the scope of Section 8 of these Terms, by a purchase order amendment issued by Buyer. Buyer may modify these Terms with respect to future Orders at any time by posting revised Terms to its web site at <http://www.adiant.com/terms>, and such revised Terms will apply to all Orders issued thereafter.