



TERMS AND CONDITIONS (UK) FOR THE PURCHASE OF GOODS AND SERVICES AND SPARE PARTS DESTINED FOR THE AUTOMOBILE

Last revised March 2, 2006

These Terms apply when referenced by Buyer's purchase order or other documentation.

1. Offer; Acceptance; Exclusive Terms; Identity of Buyer. Each purchase order or purchase order revision issued by Buyer ("Order") is an offer to Seller for the purchase of goods and/or services ("Supplies") and includes and is governed by these Global Terms and Conditions of Purchase ("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. Seller accepts the Order, including these Terms, and forms a contract ("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 recognises the existence of a contract with respect to the subject matter of the Order. The Contract is limited to and conditional upon Seller's acceptance of these Terms exclusively. The Contract does not constitute an acceptance of any offer or proposal made 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 Contract. Any modification of Buyer's Terms must be expressly stated in the Order. Each Contract can be modified only under Section 37. "Buyer" is the subsidiary or affiliate of Johnson Controls, Inc. identified in the Order; if no such entity is identified, the Buyer is Johnson Controls Automotive (UK) Ltd.

2. Time Period of Order. Subject to Buyer's termination rights, the Contract (as accepted by the Seller pursuant to Section 1 above) is binding on the parties for one year from the date the Order is transmitted to Seller or, if an expiration date is stated in the Order or a signed agreement, until that date. Subject to Buyer's termination rights, the Contract will automatically renew for successive one-year periods after the initial term unless Seller provides written notice at least 180 days prior to the end of the current term of its desire that the Contract not be renewed.

3. Quantities; Material Releases; Delivery. Quantities listed in each Order as estimated are Buyer's best estimate of the quantities of Supplies it might purchase from Seller for the contract term specified in the Order. If no quantity is stated or if the quantity is stated as zero: (a) Seller is obligated to supply all of Buyer's stated requirements for the Supplies in quantities as specified by Buyer in Material Releases; and (b) Buyer is required to purchase no less than one piece or unit of each of the Supplies that are goods and no more than those quantities identified as firm orders in material authorisation releases, manifests, broadcasts, or similar releases ("Material Releases") that are transmitted to Seller during the term of the Contract. 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. If "price" is stated as 1.000 on an Order covering installment performance of a fixed total quantity, then quantity is 1 and the number shown under "quantity" is the price. 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 may require Seller to participate in electronic data interchange or similar inventory management program, at Seller's expense, for notification of Material Releases, shipping confirmation and other information. Buyer may purchase additional quantities of the listed Supplies using Material Releases. Time of delivery of Supplies and quantities of Supplies delivered are of the essence under the Contract. Seller agrees to 100% on-time delivery of the quantities of Supplies and at the times specified by Buyer, as stated in the Order and related Material Releases. 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 nor any other form of financial compensation. Buyer is not obligated to accept early deliveries, late deliveries, partial deliveries or excess deliveries. Subject to the provisions of Section 4, or unless otherwise agreed in writing by Buyer, the risk of loss passes from Seller to Buyer upon delivery to Buyer's transportation carrier (or if shipment is by Seller or common carrier, then upon delivery to Buyer's designated facility), but title passes to Buyer only upon receipt by Buyer at Buyer's facility where the Supplies are to be used.

4. 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. Incoterms 2000 will apply to all shipments except those entirely within England. Except as otherwise stated in the Order or as set out above in Section 3 in relation to passing of title or as set out below in Section 26 in relation to tooling and capital equipment, 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. The total price also includes all duties and taxes including any value added tax (VAT) on import for which Seller is primarily liable and which must be shown separately on Seller's valid VAT invoice for each shipment (and shall be payable whenever appropriate) but such price excludes any VAT properly payable by Buyer and also excludes any duties properly payable by Buyer for import of Supplies. Where Buyer is liable for import duties on Supplies the amount paid by Buyer for such duties shall be deducted from the purchase price and the deduction shall be clearly shown as a deduction against the price on Seller's invoice.. Buyer is not responsible for any business activity taxes, payroll taxes or taxes on Seller's income or assets. 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 but not limited to costs charged by Buyer's customer(s) to Buyer, as a result of Seller's failure to comply with shipping or delivery requirements.

5. 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, Buyer's part number, Seller's part number (where applicable), 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. Seller will promptly provide Buyer with the following information in the form requested by Buyer: (i) a list of all ingredients and materials in Supplies; (ii) the amount of all ingredients, and (iii) information concerning any changes in or additions to the ingredients. 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 indemnify Buyer for any expenses, losses or costs incurred as a result of improper packing, marking, routing, or shipping.

6. Customs; Related Matters. Credits or benefits resulting from the Contract, including (where relevant) trade credits, export credits or the refund of duties, taxes, or fees, belong to Buyer. Seller will provide all information and certificates necessary to permit Buyer (or Buyer's customers) to receive these benefits or credits. Seller agrees to fulfill any customs obligations, origin marking or labeling requirements, and local content origin requirements. Export licenses or authorisations 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 authorisations. Seller will promptly notify Buyer in writing of any material or components used by Seller in fulfilling the Contract 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 Contract will be made at not less than fair value under the anti-dumping laws of the countries to which the Supplies are exported.

7. Inspection; Non-Conforming Goods/Services; Audit. Buyer may enter Seller's facility to inspect the facility, Supplies, materials, and any of Buyer's property related to the Contract. 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. Buyer's acceptance (and for the avoidance of doubt acceptance will not be deemed to have taken place by virtue of Buyer signing a delivery note or due to any other documentation), inspection, or failure to inspect does not relieve Seller of any of its responsibilities or warranties. Nothing in the Contract releases Seller from the obligation of testing, inspection and quality control. If defective Supplies are shipped to and rejected by Buyer, the quantities under the Order will be reduced by the quantities so rejected unless Buyer otherwise notifies Seller. Seller will not replace reduced quantities without a new Material Release from Buyer. In addition to other remedies available to Buyer: (i) Seller agrees to accept returned Supplies, 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 Buyer's plant Supplies that fail to meet the requirements of the Contract; 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 receipt of a sample of defective Supplies and will take whatever measures necessary to correct the defect. 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. Upon reasonable notice to Seller, either Buyer or its direct or indirect customers may conduct audits at Seller's production facility for the purpose of quality, cost or delivery 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.

8. Payment. Except as otherwise provided in these Terms, Buyer will pay proper invoices complying with the payment terms stated in the Order as well as the above Section 4. Invoices for tooling and/or capital equipment must be issued only as approved and 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 Contract. Payment will be made in the currency expressly stated in the Order; if no such currency is noted, payment will be made in Pounds Sterling. Payment will be made either by mailing or electronic transfer on or before the due date unless otherwise expressly agreed by Buyer.

9. Changes. Buyer reserves the right to direct changes, or to cause Seller to make changes, to drawings, specifications, sub-suppliers, samples or descriptions of Supplies. Buyer also reserves the right to otherwise change the scope of the work covered by the Order, including but not limited to work with respect to such matters as inspection, testing or quality control. Buyer may also direct the supply of raw materials 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 days after receiving notice of the change. Buyer can request additional documentation from Seller 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.

10. Warranties. Seller expressly warrants and guarantees to Buyer, to Buyer's successors, assigns and customers, that all Supplies delivered to Buyer will: (a) conform to the specifications, standards, drawings, samples, descriptions and revisions as furnished to or by Buyer; (b) conform to all applicable laws, orders, regulations and standards in countries where Supplies or vehicles or other products incorporating Supplies are to be sold, including without limitation the National Traffic and Motor Vehicle Safety Act, United States motor vehicle safety standards and European Union Directive 2000/53/EC; (c) be of satisfactory quality and free of defects in design (to the extent designed by Seller), materials and workmanship; and (d) be selected, designed (to the extent designed by Seller), manufactured and assembled by Seller or Seller's suppliers based upon Buyer's stated use and be fit and sufficient for the purposes intended by Buyer. The warranty period is the longest of: three years from the date Buyer accepts the Supplies; the warranty period provided by applicable law; or the warranty period offered by Buyer or Buyer's customer to end-users for Supplies installed on or as part of vehicles. For all services, Seller further warrants that its work will be performed in a professional and workmanlike manner, consistent with all standards and specifications agreed on with Buyer and otherwise consistent with industry standards. 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 or specifications will not relieve Seller of these warranties.

11. Supplier Standards, Quality and Development; PPAP; Required Programs. Seller will conform to the quality control and other standards and inspection systems as established or directed by Buyer and Buyer's customer, including without limitation, quality control policies, ISO 9001:2000 or ISO/TS 16949:2002 quality certification, OHSAS 18001 health and safety certification and ISO 14001 environmental certification including registration. Seller will also participate in Buyer's supplier quality and development programs as directed by Buyer. Seller agrees to meet the full requirements of industry Production Part Approval Processes (PPAP) as specified by Buyer and (as applicable) Buyer's customer(s) and agrees to present this information to Buyer upon request, at the level requested. As requested by Buyer at any time 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://ag.johnsoncontrols.com/SupplierHandbook/toc.htm>; (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://ag.johnsoncontrols.com/supplier/index.html> 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 prevail.

12. Service and Replacement Parts. For five years after a vehicle design or specific part concludes production (unless a different period is agreed in writing by the parties or stated in Buyer's applicable Statement of Work or Supplier Standards Manual), Seller will supply Buyer's written "service parts" orders for the same Supplies, component parts and materials at the price(s) set forth in the Order plus any actual cost differential for special packaging. If the Supplies are systems or modules, Seller will sell each component or part at a price that does not, in the aggregate, exceed the system or module price specified in the Order, less assembly costs, plus any actual cost differential for packaging. For an additional five years, or so long as Buyer's customer requires service parts, whichever is longer (or a different period if agreed in writing by the parties or stated in Buyer's applicable Statement of Work or Supplier Standards Manual), Seller will sell Supplies to Buyer in order to fulfill Buyer's past model service and replacement parts requirements, at price(s) based on the most recent price(s) under the Order, taking into account actual, documented differences in the cost of materials, packaging, and costs of production after any of Buyer's current model purchases have been completed, as mutually and reasonably agreed by the parties. At Buyer's request, Seller will make service literature and other materials available at no additional charge to support Buyer's service part sales activities.

13. Remedies. The rights and remedies reserved to Buyer in the Contract will be cumulative with and in addition to all other or legal or equitable rights and remedies. Seller will indemnify Buyer for any incidental or consequential damages caused by Seller's breach or by defective Supplies, including without limitation costs, expenses and losses incurred directly or indirectly by Buyer or its customer(s): (a) in inspecting, sorting, repairing or replacing the defective Supplies; (b) resulting from production interruptions; (c) conducting recall campaigns or other corrective service actions; or (d) resulting from personal injury (including death) or property damage caused by the 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 if Buyer does not otherwise consider it has an adequate remedy at law Buyer is entitled to an immediate order for specific performance of Seller's obligations, plus Buyer's reasonable legal fees. Nothing in this Section 13 shall prevent Buyer from obtaining alternative remedies including, without limitation, where an action for an order for specific performance is not successful.

14. 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 Contract 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.corp.jci.com/ethics/EthicsBrochure.htm>) or Seller's own equivalent ethics policy.

15. Customer Requirements. As directed by Buyer in writing, Seller agrees to comply with the applicable terms of any agreements between Buyer and its customer(s) to which Buyer

provides the Supplies (as incorporated into products supplied to such customer(s)). Buyer may in its discretion supply Seller with information regarding purchase orders from its customer(s). Seller will be responsible for ascertaining how such customer purchase order information affects Seller's obligations under the Contract, and Seller will meet all such disclosed customer terms to the extent within Seller's control. By written notice to Seller, Buyer may elect to have the provisions of this Section (and the terms to which it relates) prevail over any conflicting term between the Buyer and Seller. If Buyer's customer directed, recommended, requested, suggested or otherwise identified Seller as a source from whom Buyer is to obtain the Supplies: (a) Buyer will pay Seller for the Supplies only following and to the extent of Buyer's actual receipt of payment from that customer for those goods in which the specific Supplies are incorporated, and any lengthening of that customer's payment terms to Buyer will automatically lengthen payment terms as between Buyer and Seller by an identical amount of time; (b) within three days (provided such days are days where banks are ordinarily open for business in England ("Business Days")) of any change in price, specifications or other terms negotiated or proposed between Seller and the customer, Seller will notify Buyer in writing and will immediately adjust its invoices to reflect any price reduction, provided that no change will be binding on Buyer without Buyer's specific written consent; (c) during the term of the Contract and for an additional three years, Buyer may conduct one or more audits of the Supplies and any such changes, and Seller will retain all pertinent records and cooperate fully with the audit; and (d) if such audit shows Seller's noncompliance, Seller will reimburse Buyer for any price discrepancy or other loss caused by its noncompliance, together with interest charged on a daily basis from the date of noncompliance at an annual rate of 8% per annum above the official dealing rate from time to time until payment is made in full, plus the cost of the audit.

16. Indemnification. To the fullest extent permitted by law, Seller will defend, indemnify and hold harmless Buyer, Buyer's customers (both direct and indirect, including manufacturers of vehicles in which Supplies are incorporated), and dealers and users of the products sold by Buyer (or the vehicles in which they are incorporated) and all of their respective agents, successors and assigns, against all damages, losses, claims, liabilities and expenses (including reasonable legal and other professional fees, settlements and judgments) arising out of or resulting from any defective Supplies, or from any negligent or wrongful act or omission of Seller or Seller's agents, employees or subcontractors, or any breach or failure by Seller to comply with any of Seller's representations or other terms and conditions of an Contract. If Seller performs any work on Buyer's or Buyer's customer's premises or utilises 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 rules and 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 legal and other professional fees, settlements and judgments) for damages to the property of or personal injury 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.

17. The Seller shall at its own cost effect and keep in place with reputable insurers during the term of the Contract and for a period of six (6) years from the termination of the Contract such insurance policies as are appropriate and adequate having regard to its obligations and liabilities under the Contract and including (but not limited to) insurance against: (a) Seller's potential liabilities under Sections 10 and 12; (b) all matters in respect of which Seller shall indemnify Buyer pursuant to Section 16 and (c) product liability arising from the use of Supplies by Buyer or Buyer's customers in all circumstances for an amount which is in the reasonable opinion of Buyer sufficient in the circumstances. Seller shall on the written request of Buyer from time to time

provide Buyer with reasonable details of the insurance maintained in force in accordance with this Section 17 and on the renewal of each policy, Seller shall send a copy of the premium receipt to Buyer when requested to do so in writing by Buyer. In the event Seller fails to maintain any of the policies in accordance with this Section 17, Buyer may itself provide or arrange such insurance and may charge the cost of such insurance, together with an administration charge of 10% of such cost to Seller either by way of deduction from the price of the Supplies or by recovering the same as a debt to Buyer from Seller. The Seller shall do nothing to invalidate any of the policies maintained in force in accordance with this Section 17 for a period of 6 years thereafter and shall procure that the interest of Buyer is noted on such policy or policies.

18. Financial Review; Insolvency. Buyer or a third party designated by Buyer may at any time review the financial condition of Seller and its affiliates, and Seller will fully cooperate in such review and will promptly provide copies of or access to requested documents, including without limitation financial records and statements, forecasts, business plans, banking contacts and loan documents, and will make its financial managers available for discussions during reasonable business hours. Buyer and any designated third party will keep confidential any nonpublic information about Seller obtained in a financial review and use such information only for purposes of the review, except as needed to enforce the Contract. The Contract 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, including without limitation, legal and other professional fees, in connection with any of the following: (a) the Seller proposes a voluntary arrangement within the meaning of Section 1 or Section 253 of the Insolvency Act 1986, or an interim order is made in relation to the Seller under Section 252 of the Insolvency Act 1986, or any other steps are taken or negotiations commenced by the Seller or any of its creditors with a view to proposing any kind of composition, compromise or arrangement involving the other party and any of its creditors; (b) the Seller is deemed to be unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986; (c) the Seller calls a meeting for the purpose of passing a resolution to wind it up, or such a resolution is passed; (d) the Seller presents, or has presented, a petition for a winding up order; (e) an application to appoint an administrator is made in respect of the Seller or a notice of intention to appoint an administrator is filed in respect of the Seller; (f) any other steps are taken by the Seller or any other person to appoint an administrator over the Seller; (g) the Seller has an administrator, administrative receiver, or receiver appointed over all or any part of its business, undertaking, property or assets; (h) the Seller takes any steps in connection with proposing a company voluntary arrangement or a company voluntary arrangement is passed in relation to it; (i) the other party suffers or undergoes any procedure analogous to any of those specified in Section 18 (a) to (h) inclusive above or any other procedure available in the country in which the other party is constituted, established or domiciled against or to an insolvent debtor or available to the creditors of such a debtor; or (j) the other party or any partner in the other party dies or becomes a patient within the meaning of the Mental Health Act 1983.

19. Termination for Breach or Nonperformance. Buyer may terminate all or any part of the Contract, without liability to Seller, if Seller: (a) repudiates, breaches or threatens to breach any of the terms of the Contract; (b) fails or threatens not to deliver Supplies or perform services in connection with the Contract; (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) of this Section 19, provided that upon Seller's request, Buyer

will enter into an appropriate confidentiality agreement related to information disclosed to Buyer in relation to such transaction.

20. Termination. In addition to any other rights of Buyer to cancel or terminate the Contract, Buyer may at its option terminate all or any part of the Contract at any time and for any reason by giving at least 14 days 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 Contract; (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 and that Seller cannot use in producing goods for itself or for others; (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 21. 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 Contract; (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 Contract, 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 in amounts exceeding those authorized in the Material Releases, or general administrative burden charges from termination of the Contract, except as otherwise expressly agreed in a separate Order issued by Buyer. Buyer's obligation 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 Contract or portion thereof because of a default or breach by Seller.

21. Transition of Supply. In connection with termination of the Contract 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 and delivery of all Supplies as ordered by Buyer, at the prices and other terms stated 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 determination by arbitration in accordance with Section 34.

22. Force Majeure. Any delay or failure of either party to perform its obligations will be excused if and to the extent that it is caused by an event or occurrence beyond the reasonable control of the party 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 (save as to a Court order relating to Section 18). The change in cost or availability of materials, components or services based on market conditions, supplier actions or contract disputes will not constitute *force majeure*, 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 Contract; 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.

23. 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 any patent, trademark, copyright, moral, industrial design right or misuse or misappropriation of trade secret) and against any resulting damages or expenses, including legal 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, in any way related to a third-party claim asserted against Seller or Buyer for infringement of any proprietary right (including 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 Contract 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 Contract, whilst ensuring that such invention, discovery or improvement is not revealed to any person or organization other than the Seller or Buyer; (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 proprietary right (including any patent, trademark, copyright, moral, industrial design right or misuse or misappropriation of trade secret) will be considered to be the property of the Buyer and to the extent that the works do not qualify as such, to assign to Buyer upon delivery thereof all rights, 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 in a written agreement signed by Buyer, all Supplies or other deliverables provided under the Contract (including without limitation computer programs, technical specifications, documentation and manuals) will be original to Seller and will not incorporate any intellectual property rights (including copyright, patent, trade secret or trademark rights) of any third party. Except as expressly agreed in writing and signed by Buyer, all deliverables of services provided under the Contract, 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. At no additional cost, Seller will grant Buyer a paid-up licence to use any additional or background intellectual property owned or acquired by Seller that is necessary or incidental to the reasonably intended use or application of the Supplies.

24. Buyer's Property. All tooling (including fixtures, gauges, jigs, patterns, castings, cavity dies and molds, with all related appurtenances, accessions, and accessories), packaging and all documents, standards or specifications, trade secrets, proprietary information and other materials and items furnished by Buyer, either directly or indirectly to Seller to perform the Contract or for which Buyer has agreed to reimburse Seller (collectively, "Buyer's Property"), will continue to be or will become the property of Buyer or its customer (including legal and equitable title) as it is fabricated or acquired, regardless of payment. Buyer grants Supplier a licence to use Buyer's Property in order to perform the Contract and subject to all Buyer's further rights in this clause. Buyer's Property will be held by Seller or by a third party and to the extent that Seller has transferred possession of Buyer's Property to a third party, it will be held by Seller on a bailment basis as a bailee-at-will. 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 Contract, will be operated only by properly skilled personnel, will be used in a safe and proper manner in accordance with any operating instructions and all applicable statutes, regulations or codes of practice, and not for any purpose for which it was not designed or for any unlawful purpose, will be deemed to be Buyer's moveable property, will be clearly marked by Seller as Buyer's Property, will not be mixed with or adjoined to the property of Seller or with that of a third person, will be kept and where applicable stored separately from all other property and equipment, will not be altered in any way and will not be moved from Seller's premises without Buyer's 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 shall not release or dispose Buyer's Property to any third party without the express written permission of Buyer. Seller shall not sell, charge, pledge, mortgage or otherwise dispose of the Buyer's Property or any part of it or permit any lien to arise over the Buyer's Property or part of it. 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. At Buyer's request, Buyer's Property will be immediately released to Buyer or delivered by Seller to Buyer either (i) FCA (loaded) transport equipment at Seller's plant, properly packed and marked in accordance with the requirements of Buyer's selected carrier, or (ii) to any location designated by Buyer, in which case Buyer will pay Seller the reasonable costs of delivery. Seller waives, to the extent permitted by law, any lien or other rights that Seller might otherwise have on any of Buyer's Property, including but not limited to moulder's and builder's liens.

25. Seller's Property Seller, at its expense, will furnish, keep in good working condition capable of producing Supplies meeting all applicable specifications, and replace when necessary, all machinery, equipment, tools, jigs, dies, gauges, fixtures, moulds, patterns and other items that are not Buyer's Property and that are necessary for the production of Supplies ("Seller's Property"). Seller will insure Seller's Property with full fire and extended coverage insurance for its replacement value. If Seller uses Seller's Property to produce goods or services similar to Supplies for other customers, including aftermarket customers, such goods or services will not incorporate any of Buyer's logos, trademarks, tradenames or part numbers. Seller will not disclose or imply in its marketing efforts that such goods or services are equivalent to those purchased by Buyer. Seller grants to Buyer an irrevocable option to take possession of and title to Seller's Property that is special for the production of Supplies under the Contract upon payment to Seller of its net book value less any amounts that Buyer has previously paid to Seller for the cost of such items. This option does not apply if Seller's Property is used to produce goods that are the standard stock of Seller or if a substantial quantity of like goods are being sold by Seller to others.

26. Tooling; Capital Equipment. This Section applies only to orders for tooling and/or capital equipment. Seller will provide to Buyer, as requested, access to Seller's premises and all documentation relating to the tooling and/or capital equipment, prior and subsequent to payment, to inspect work performed and to verify charges submitted by Seller against the Contract. The price set forth in the Order will be adjusted to credit Buyer in the amount, if any, by which the price exceeds Seller's actual cost as verified. If Seller does not provide such access and documentation, Buyer may determine in its reasonable discretion an appropriate adjustment based on estimated costs. Seller will retain all cost records for a period of two years after receiving final payment of the charges. All tools and equipment are to be made to Buyer's specifications (or, where directed by Buyer, those of Buyer's customer). Any exception to such specifications must be stated in writing on the Order or otherwise in writing and signed by Buyer. To the extent the Order expressly states that it is for "tooling" or "capital equipment" and unless otherwise stated in the Order, freight terms are DDP Buyer's facility – Freight Collect, and Seller should not prepay or add freight charges.

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 Contract, regardless of whether such information is marked or identified as confidential and all terms of the Contract are deemed proprietary and confidential information of Buyer (the "Confidential Information"). Seller agrees to keep confidential all Confidential Information of Buyer, and further agrees not to disclose or permit disclosure to others, or use for other than the purpose of the Contract, any Confidential Information of Buyer. Following the expiration or termination of the Contract, 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 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 the terms of that agreement will prevail.

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 Contract or any terms of the Contract (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 Contract will make either party the employee, partner, agent or legal representative of the other for any purpose. The Contract 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 Contract, 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 Contract 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 Contract is in effect, Seller and those of its employees and contractors participating in the performance of the Contract 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 Contract.

32. Non-Assignment. Seller may not assign or delegate its obligations under the Contract without Buyer's prior written consent. In the event of any approved assignment 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. Governing Law; Arbitration; Jurisdiction. The Contract will be governed by the laws of England and Wales. The provisions of the United Nations Convention on Contracts for the International Sale of Goods, and any conflict-of-laws provisions that would require application of another choice of law, are excluded. All disputes and claims arising out of, relating to or in connection with this Agreement shall be subject to the exclusive jurisdiction of the English Courts, to which the parties irrevocably submit.

34. Language; Interpretation; 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. The words and phrases "other", "including" and "in particular" shall not limit the generality of any preceding words or be construed as being limited to the same class as any preceding words where a wider construction is possible. Words importing the singular shall include the plural and vice versa. Words importing a gender include every gender and references to persons include an individual, company, corporation, firm or partnership. If any term of the Contract is deemed invalid or unenforceable under English 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 Contract 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 Contract will not affect the right to require performance at any later time, nor will the waiver by either party of a breach of any provision of the Contract constitute a waiver of any later breach of the same or other provision of the Contract.

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

36. Third Parties. Save as for any instance relating to Sections 16 and 27 where the third parties mentioned may enforce provisions where they are mentioned subject to other provisions of the Contract, no person who is not a party to the Contract (including any employee, officer, agent, representative or subcontractor of either party) shall have the right (whether under the Contracts (Rights of Third Parties) Act 1999 (the "Third Parties Act") or otherwise) to enforce any provisions which expressly or by implication confers a benefit on that person without the express prior agreement in writing of the parties, which agreement must refer to this Section 36. Even if a person who is not a party to the Contract (including any employee, officer, agent, representative or subcontractor of either party) has a right to enforce any part of the Contract by virtue of Section 1 of the Third Parties Act, the parties may, notwithstanding Section 2 (1) of the Third Parties Act, vary or cancel the Contract by agreement between them without requiring the consent of such third party.

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, constitutes the entire agreement between Seller and Buyer with respect to the matters contained in the Contract. The Contract may only be modified by a written amendment executed by authorised representatives of each party or, for changes within the scope of Section 9 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://johnsoncontrols.com/asg/global-terms.htm>, and such revised Terms will apply to all Orders issued thereafter.