

1. OFFER AND ACCEPTANCE

- (a) These terms and conditions (the "Terms and Conditions") governing capital equipment, integration equipment, tooling, checking fixtures, dies, jigs, fixtures, molds, patterns, templates, testing devices, gauges and any other non-production purchases collectively known as "Tooling and Equipment", purchase orders, and any additional items and terms or conditions set forth in the purchase order, agreement, or other document to which these Terms and Conditions are attached or are incorporated, and any other documents attached to or incorporated thereto (collectively, this "Order"), constitute an offer by Danbro Tool & Die Inc. or its affiliate named in the Order ("Buyer") to the person or entity this Order is addressed ("Seller"), for the manufacture, sale and delivery by Seller, and the purchase by Buyer of the Tooling and Equipment and all goods and services identified in this Order as well as all Foreground Intellectual Property Rights (as defined below) associated therewith (collectively, "Products") in accordance with the terms set forth in the Order.
- (b) Seller has reviewed and understands the Order and agrees that either Seller's written acceptance or commencement of any work or services outlined in the Order shall constitute Seller's acceptance of the Order and these Terms and Conditions only. All terms and conditions proposed by Seller which are different from, inconsistent with, or in addition to the Order are hereby expressly rejected by Buyer and shall not form part of the Order. The Terms and Conditions and Order shall supersede and take priority over any and all previous verbal or written arrangements in connection with this Order. In the event of conflict or inconsistency, these Terms and Conditions shall take precedence over all other documents comprising the Order, the Order shall take precedence over the RFQ Documents, and the RFQ Documents shall take precedence over the final submitted response or bid of the Supplier.

2. SPECIFICATIONS AND DESIGN

Buyer shall deliver manufacturing drawings and specifications for the Tooling and Equipment to Seller and, upon delivery, such drawing and specifications shall be incorporated by reference into the Order. Seller shall promptly review the drawings and specifications following delivery and immediately notify Buyer in writing of any questions it has concerning the drawings and specifications or concerns it may have relating to the Tooling and Equipment's fitness for the Buyer's intended purposes. Seller shall promptly notify Buyer of any inconsistencies or ambiguities in Buyer's specifications upon discovering same. Seller shall provide Buyer with a schedule for completion and delivery of the Tooling and Equipment and regular progress reports so Buyer can monitor the progress and likelihood that Seller will meet the delivery requirements.

3. CHANGES TO SPECIFICATIONS AND DESIGN

Buyer reserves the right at any time to change, or cause Seller to make changes, to the drawings and specifications of the Tooling and Equipment or to otherwise change the scope of the work covered by the Order including work with respect to such matters as inspection, testing or quality control, and Seller agrees to promptly make such changes. Any difference in price or time for delivery or performance resulting from such changes shall be equitably adjusted by Buyer after receipt of documentation in such form and detail as Buyer may direct. Any request for an adjustment to the Order by the Seller shall be made in writing and shall be deemed rejected unless accepted in writing by Buyer within forty-eight (48) of delivery. Unless and until Buyer issues an amended Order, any price increases or extensions of time requested by Seller shall not be binding upon

Buyer.

4. PAYMENT AND PRICING

- (a) Buyer shall have no obligation to make payment to Seller until all goods and/or services purchased hereunder are fully delivered or performed, and accepted by Buyer, in accordance with the terms and conditions of the Order. Buyer shall make payment to Seller upon the terms and conditions set out in the Order.
- (b) Notwithstanding anything to the contrary herein, Buyer shall have no obligation to pay for Tooling and Equipment unless and until an invoice (that includes Buyer's order number) is issued and Buyer is satisfied that the scope of work relating to the invoice is complete. Furthermore, Buyer will only make payments to Seller for an original invoice. All invoices must match Buyer's order by line item and specify the amount due for each individual line item (e.g. if there are five-line items on Buyer's Order at a specific pay point, all five-line items shall be listed on the invoice at that specific pay point). Invoices must be addressed and submitted to the appropriate purchasing plant or corporate office of the Buyer and to the attention of the appropriate contact, in each case, in accordance with Buyer's instructions.
- (c) Seller agrees that if, prior to Buyer's final payment of the purchase price, it establishes prices for the Products or services (or substantially similar Products or services) that are less than the prices indicated in the Order, the Order shall be automatically amended, without further act of Buyer or Seller, to provide such lower price for the Products. All overpayments made by Buyer resulting from an amendment to the purchase price in accordance with this paragraph shall be returned to Buyer within 5 business days of such amendment becoming effecting.
- (d) To the extent permitted by applicable law, any payments made by Buyer for goods and services under the Order are expressly intended by Buyer to be held in trust for the benefit and payment of any sub-supplier(s) or subcontractor(s) used by Seller to produce such goods and services.
- (e) No payment of funds for Product shall be made by Buyer until Seller transfers title of the Tooling and Equipment free and clear of all liens, claims or other encumbrances and completes all related services, or, at Buyer's option, provides adequate assurance of continued performance in such form as requested by Buyer.
- (f) Without limiting Buyer's rights under paragraph 13, Seller agrees that Buyer has the right to conduct an audit of Seller's expenditures, costs and expenses and has the right to adjust the expenditures, costs and expenses accordingly. Seller agrees that payment shall only become due after Buyer determines the final cost in accordance with this paragraph. The price set forth in the Order shall be adjusted to credit or reimburse Buyer in the amount, if any, by which the price exceeds Seller's actual cost as verified.

5. PROMPT DELIVERY/ RISK OF LOSS

- (a) Time is of the essence and deliveries of goods shall be made both in quantities and at times, and performance of services shall be performed at times, specified in the Order, or in accordance with Buyer's procedures and work progress "milestones", if so indicated in or attached to the Order. Buyer reserves the right, at any time and from time to time, to modify the methods of shipment and packaging, or the time and place of delivery. If Seller fails to make deliveries, perform services or achieve the designated "milestones" at the agreed times stipulated in the Order, Buyer reserves the right, exercisable at its sole discretion and without liability, in addition to any other rights or remedies that may be available, to (a) reduce the purchase price by 1% for each week of delay; (b) terminate the Order upon written notice to Seller, effective immediately upon delivery of such notice to

Seller; or (c) make payment to Seller for the work completed and take immediate possession of such work in progress. Additionally, if Seller fails to achieve any designated work progress "milestones", all losses or damages suffered by Buyer and any premium transportation or other costs required to meet the specified delivery schedule shall be at the sole expense of Seller. In addition to its other rights and remedies, Buyer reserves the right, without liability, to purchase substitute goods and/or services from a source other than Seller and charge Seller with any loss or damages incurred in so doing. No provision of the Order, or rendering of goods and/or services in installments, shall be construed as making the obligations of Seller severable.

- (b) Seller shall provide Buyer with written notice (i) 10 days before shipping any Products, and (ii) at the time of shipment, a description of the bill of lading, mode of shipment, carrier and estimated time of delivery. Seller shall provide Buyer with all necessary drawings and instructions required to prepare the installation site and ensure delivery of same with sufficient time to prepare and construct the installation site. Notwithstanding the applicable delivery terms set forth in the Order, Seller shall bear the risk of loss with respect to all Products until Buyer has accepted the Products in accordance with the Order. Title to the Products will remain vested with Seller until delivery and acceptance of the Products at Buyer's facility is completed.
- (c) Seller shall have in place at all times documented policies and procedures regarding cargo and container processing and provide copies of such policies and procedures to Buyer upon request.
- (d) Seller will use high security seals or anti-tampering devices on all shipments of Product. Seller shall be responsible for disassembling (as necessary), packaging and crating and any export clearance. Shipping containers must be designated and constructed to protect Products against dust, moisture, oxidation, vibration, and all other damage during shipment to Buyer. In addition, packaging must meet the Seller's and Buyer's mutually agreed specifications for the Products and the carrier's specifications as published in the Uniform Freight Classification.
- (e) Seller and all carriers or couriers used by Seller are required to be a member of C-TPAT (Customs Trade Partnership against Terrorism) and to comply with all C-TPAT requirements or such other mutually recognized security programs as may be agreed to in writing by Buyer.

6. OBLIGATION TO PROVIDE NOTICE

Without limiting any other obligations to provide notice to Buyer under the Order, Seller will promptly notify Buyer in writing of any of the following events or occurrences, or any facts or circumstances reasonably likely to give rise to the following events or occurrences: (a) any failure by Seller to perform any of its obligations under the Order; (b) any delay in delivery of Products under the Order; (c) any defects or quality-control issues relating to the Products; (d) any changes in Seller's corporate structure or organization (including any direct or indirect change in control or ownership of Seller); (e) any deficiency in Buyer's specifications, samples, prototypes or test results relating to the Order; (f) any failure by Seller, or its subcontractors or common carriers, to comply with Law, including with respect to transportation of Products; (g) any change in Seller's authorized representatives, insurance coverage or professional or industry certifications and (h) any other material information, event or change affecting the Products or this Order.

7. FORCE MAJEURE

Neither Buyer nor Seller shall be liable for damages resulting for a delay which may occur arising out of causes beyond the reasonable control of the parties, and without fault or negligence of the parties, including, but not limited to, any act of God, pandemic, war or act of terrorism, revolution, blockade, strike, riot, earthquake, natural disaster, cyclone, fire, flood, explosion, rail car a shortage

or delay by carrier, fuel shortage, embargo, lockout or other labour disturbance, the operation of statutes of law, interference of civil or military authority or other government or physical cause, existing or future (such event being referred to as an "Excusable Delay"). Each party will give prompt notice to the other party of any event or circumstance that is reasonably likely to result in an Excusable Delay, and the anticipated duration of such Excusable Delay. A party claiming an Excusable Delay will use all diligent efforts to end the Excusable Delay, ensure that the effects of the Excusable Delay are minimized and promptly resume full performance under this Contract. During any Excusable Delay claimed by Seller, Buyer may, at its option (a) purchase the Products from other sources; (b) require Seller to deliver to Buyer all finished Products, work in process or parts and materials produced or acquired for work under the Order; or (c) require Seller to provide Products from other sources in quantities and at the time requested by Buyer and at the price established by the Order for such Products, in each case, without incurring additional costs for the Buyer. Such alternate procurement shall reduce Buyer's requirements or commitments for quantities ordered or to be ordered from Seller. If requested by Buyer, Seller shall, within five (5) days, provide adequate assurances that an Excusable Delay claimed by Seller will not exceed thirty (30) days. If an Excusable Delay claimed by Seller continues for thirty (30) days or more, or Seller does not provide the assurances requested by Buyer, Buyer may immediately terminate the Order without liability. Seller's financial inability to perform, changes in cost or availability of materials, components or services, market conditions or supplier actions or contract disputes will not excuse performance by Seller of its obligations under the Order.

8. QUALITY AND INSPECTIONS

Unless otherwise authorized in writing by Buyer, all Product ordered shall comply with the Buyer's specifications as set out in the Order and amended from time to time by Buyer. No substitutions or alterations may be made to Product except upon the written instruction or approval of Buyer. All Product delivered by Seller under the Order shall be subject to inspection, test, and approval of Buyer. If any inspection or test is completed on the premises of Seller, Seller shall provide all reasonable assistance and facilities necessary to enable Buyer and/or its representatives to perform their inspections, without any costs to Buyer. Buyer shall determine, in its sole discretion, the fitness for purpose of all Product and reserves the right to accept or reject Product that does not conform to the specifications, drawings or other data, or which do not meet or comply with the express or implied warranties herein. Where any corrective work is required to meet specification requirements, corrective work shall be arranged by Seller at no additional cost to Buyer. Payment shall not constitute acceptance or waiver by Buyer of its rights under this section or approval of the quantity or quality of Product. All amounts paid for rejected Product shall be returned to Buyer within 5 business days of notice of rejection. Seller shall bear the cost of delivery and inspection of defective items rejected by Buyer and such items shall be returned to Seller at expense of Seller. No rejected item shall be replaced or deemed to be reordered until a new purchase order is issued by Buyer.

In addition to and without limiting the warranties and performance guarantees provided by Seller herein, Seller shall indemnify Buyer for all direct and indirect losses resulting from the inability of the Tooling and Equipment to produce parts to the quality specifications, run rate (including costs connected to runtime), quality inspection and sorting as set forth and required by Buyer and Danbro Tool & Die Inc.

Home Line support at Buyer's purchasing plant, including buyoff check list set out in the Danbro Tool & Die Inc. Standards (which are incorporated by reference into these terms and conditions), shall include but not limited to:

- (a) Home Line Tool Tryout time included in Order at 2 x 8-hour shift maximum.
- (b) Additional hours at a charge of US\$500 per hour.
- (c) Obligations for the Tooling to run at a minimum per the following rates per minute:

- (i) Transfer Die: Minimum of 15 Stroke Per Minute or as designed;
 - (ii) Progressive Die: \leq 400Ton Press - Minimum of 40 Strokes Per Minute or as designed;
 - (iii) Progressive Die: $>$ 400Ton Press - Minimum of 25 Strokes Per Minute or as designed.
- (d) Transfer simulation (simulation must be approved by Danbro Tool & Die Inc. or its affiliates).

9. WARRANTIES

All express or implied warranties of the Seller herein shall be in addition to and shall not limit or replace any manufactures warranty provided by Seller or its subcontractor(s) and supplier(s).

Seller expressly warrants that all Product delivered or performed pursuant to the Order shall conform to any sample and any specifications, Tooling and Equipment standards, drawings or other descriptions furnished or adopted by Buyer, and shall be fit and sufficient for their intended purpose, and shall be merchantable and of good material and workmanship, free from defect. This warranty shall be in addition to any other warranties given by Seller to Buyer or applicable by law, and shall survive inspection, test, acceptance of and payment for the goods and services, which warranty shall be for the benefit of Buyer, its successors, assigns and customers. The warranty term shall be coterminous with any warranties provided by Buyer to Buyer's customers. Goods required to be corrected or replaced shall be subject to this warranty to the same extent as goods originally delivered under the Order. Seller shall indemnify and hold Buyer harmless from any and all liability for loss, damage or injury to person or property of any manner arising out of or incidental to the performance of the Order including but not limited to the breach of any warranty of Seller. Such indemnification shall survive the delivery of the goods and/or services supplied under this Order.

Seller warrants to Buyer, its successors, assigns and their respective Customers that the Tooling and Equipment will operate safely at quoted production rate and/or cycle times for the stated expected useful life if Purchaser follows the preventative maintenance plan proposed by Seller.

Seller's warranties shall also constitute conditions precedent, shall survive inspection, installation, assembly, acceptance and payment, and shall remain in effect for three (3) years from the date that production at Buyer's site commences.

Seller shall supply a detailed bill of materials listing all parts and Seller further agrees that it shall comply with all specific product sourcing directions of Buyer. Seller warrants to Buyer, its successors, assigns and their respective customers that all Product supplied to Buyer shall be equipped with approved or appropriate fail-safe safeguarding and other safety systems as required by applicable Law, regulation or industry standard.

Seller's responsibility under this warranty shall include, without limitation, all parts, labor and transportation costs in the event the Product must be returned to Seller for repair or replacement. Furthermore, Seller shall require its suppliers of component parts of goods and/or equipment for Tooling or Equipment purchased pursuant hereto to provide a warranty equal to the warranties provided to Buyer by Seller in the Order and shall assign to Buyer all such warranties. Seller shall provide all necessary documentation to Buyer to evidence that Seller has assigned such warranties from its suppliers to Buyer. Seller shall transfer and assign to Buyer all of its rights (but not any obligations) under all warranties from equipment or material manufacturers or suppliers, permitted subcontractors, or other third parties. If Seller is unable or fails to provide to Buyer the manufacturers' warranty for acquired Products, Seller hereby warrants to Buyer the Products supplied hereunder will perform in accordance with the manufacturers' warranty. In the event that Seller fails to obtain or assign such warranties, Seller shall reimburse Buyer for all loss, cost, liability or expense (including actual fees for attorneys, experts and consultants, settlement costs and

judgments) related to or resulting from such failure.

10. INTELLECTUAL PROPERTY

As a term and condition of the Order, Seller represents and warrants to Buyer that the Products or the production thereof do not constitute infringement of any patents, inventions, trademarks, copyrights or other Intellectual Property Rights. In the event that any suit or proceeding alleging infringement of any patent or alleging unfair competition resulting from similarity in the design or appearance of goods is brought against Buyer or any of its agents or customers on account of any items furnished to Buyer under the Order, Seller agrees that it will promptly, on notification of the commencement of any such suit or proceeding, assume defense thereof, and that it will pay and discharge all costs and expenses thereof, and will also pay or satisfy all costs, damages, royalties or profits which may be decreed or awarded against Buyer, its agents or customers for or on account of any of the goods so purchased and furnished by Seller to Buyer in any or all suits or proceedings and shall save and protect Buyer harmless therefrom.

For purposes of the Order, the term "Intellectual Property Rights" means all inventions, patents (including utility patents and design patents), trade secrets, trademarks, service marks, trade dress, designs, drawings, CAD models, layouts, computer programs, die simulations, documentation, manuals, engineering specifications, test reports, mask works, copyrights, know-how, software, data base rights and other proprietary rights; "Background Intellectual Property Rights" means the Intellectual Property Rights of either Buyer or Seller existing before the date of the Order; and "Foreground Intellectual Property Rights" means any and all Intellectual Property Rights developed with respect to, or for incorporation into, the Products, that are either developed by Buyer alone, by Buyer and Seller jointly or by Seller alone in connection with this Order, but excluding Background Intellectual Property Rights. Seller shall deliver, or cause the delivery from third parties, all additional documentation necessary or desirable (at the sole discretion of Buyer) to give effect to the assignment and transfer of the Foreground Intellectual Property Rights to Buyer, free and clear of all encumbrances or claims. The preceding obligation of Seller shall survive the delivery and payment for the Products procured under this Order. Seller shall retain and preserve all materials, documents and aspects relating to Intellectual Property for a period of 5 years from the start of production under this Order.

Seller shall provide Buyer with all data required under the provisions of applicable Law with respect to goods being purchased by Buyer pursuant to this Order. Seller shall further supply any material related to the safe use of the goods being purchased as well as hazards associated with its use, including but not limited to, installation procedures and personnel protective equipment requirements. All hazardous components shall be clearly identified. Data requested by Buyer shall be furnished by Seller to Buyer with the shipment of goods and a copy shall be sent to Buyer at the address indicated on the Order. No Product shall be accepted by Buyer for delivery without the above required information.

11. BUYER'S PROPERTY

All supplies, materials, tools, jigs, dies, gauges, fixtures, molds, patterns, equipment and other items furnished by Buyer, either directly or indirectly, to Seller to perform the Order, or for which Seller has been reimbursed by Buyer, shall be and remain the property of Buyer and held by Seller on a bailment basis (collectively, "Buyer's Property"). Seller shall bear the risk of loss of and damage to Buyer's Property while in the possession or under the control of Seller or its representatives. Buyer's Property shall at all times be properly housed and maintained by Seller, at its expense, shall not be used by Seller for any purpose other than the performance of the Order, shall be deemed to be personalty, shall be conspicuously marked by Seller as the property of Buyer, shall not be commingled with the property of Seller or with that of a third person, and shall not be moved from Seller's premises without Buyer's prior written approval. Buyer shall have the right to enter Seller's premises at all reasonable times to inspect Buyer's Property and Seller's records with respect thereto. The Seller shall, at Seller's expense, maintain the Buyer's Property in good condition and repair, and shall replace any of the Buyer's Property if, as and when necessary or

reasonably required. Upon the request of Buyer, Buyer's Property shall be immediately released to Buyer or delivered to Buyer by Seller, at Seller's expense, either (i) C.I.F. (Incoterms 2010) at Seller's plant, properly packed and marked in accordance with the requirements of the carrier selected by Buyer to transport such property, or (ii) to any location designated by Buyer, in which event Seller shall pay to Buyer the reasonable costs of delivering such property to such location. When permitted by Law, Seller waives any lien or other rights that Seller might otherwise have on any of Buyer's Property for work performed on such property or otherwise. Buyer reserves all rights in connection with Buyer's designs, drawings, fixtures and samples (and all Intellectual Property Rights therein) and such designs, drawings, fixtures and samples or any substantial portion or description thereof are not to be reproduced in any material form without Buyer's prior authority in writing.

Any of Buyer's Property that is in Seller's possession or Seller's sub-supplier(s) or subcontractor(s) must contain labeling that is clearly visible and legible and must contain the following information: a tag or stamp clearly indicating that such property is owned by Buyer and Buyer's order or other identifying number. Seller will apply additional labeling to Buyer's Property as and when required in writing by Buyer.

12. SELLER'S PROPERTY

Unless otherwise agreed to by Buyer, Seller, at its expense, shall furnish, keep in good condition, and replace when necessary all machinery, equipment, tools, jigs, dies, gauges, fixtures, molds, patterns and other items (collectively, "Seller's Property") necessary for the production of the Products. The reasonable cost of changes to Seller's Property necessary to make design and specification changes authorized by Buyer shall be paid for by Buyer. Seller shall insure Seller's Property with full fire and extended coverage insurance for its replacement value. Seller grants Buyer an irrevocable option to take possession of and title to Seller's Property that is special for the production of the goods 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, provided, however, that this option shall not apply if Seller's Property is used to produce goods that are the standard stock of Seller of if a substantial quantity of like goods are being sold by Seller to others.

13. INSPECTION OF PREMISES, BOOKS AND RECORDS

Buyer and Buyer's customers shall have the right to enter Seller's facility at reasonable times to inspect the facility, goods, materials, books and records and any property of Buyer covered by this purchase order. Buyer's inspection of the goods, whether during manufacture, prior to delivery or within a reasonable time after delivery, shall not constitute acceptance of any work-in-process or finished goods. Seller will maintain for at least five (5) years, and make readily available to Buyer or its duly authorized representatives at any time during normal business hours, books, records, test data and accounts prepared in accordance with generally accepted accounting principles.

14. COMPLIANCE WITH LAWS

Seller, and any goods or services supplied by Seller, shall comply with all applicable laws, rules, regulations, orders, conventions, ordinances or standards of the country(ies) of destination or which relate to the manufacture, labeling, transportation, importation, exportation, licensing, approval or certification of the goods or services, including but not limited to those relating to environmental matters, data protection and privacy, wages, hours and conditions of employment, subcontractor selection, discrimination, occupational health/safety and motor vehicle safety (collectively "Laws"). Seller further represents that neither it nor any of its subcontractors will utilize child, slave, prisoner or any other form of forced or involuntary labor or engage in abusive employment or corrupt business practices, in the supply of goods or provision of services under this order. At Buyer's request Seller shall certify in writing its compliance with the foregoing. Seller shall indemnify and hold Buyer harmless from and against any liability claims, demands or expenses (including attorney's or other professional fees) arising from or relating to Seller's noncompliance.

Seller will provide written certification of Seller's compliance with applicable Laws and written certification of the origin of any ingredients or materials in the Products.

Seller promptly will notify Buyer in writing of material or components used by Seller in filling this Order, which Seller purchases in a country other than the country in which the goods are delivered to Buyer. Seller will furnish Buyer with any documentation and information necessary to establish the country of origin or to comply with the applicable country's rules of origin requirements. Seller promptly will advise Buyer of any material or components imported into the country of origin and any duty included in the purchase price of the goods. Seller will be responsible for any special duties, including but not limited to marking, anti-dumping, and countervailing duties, to the extent permitted under the law of the country of importation. Seller will advise Buyer if the importation or exportation of the goods requires an import or export license. Seller will assist Buyer in obtaining any such license.

Credits or benefits resulting or arising from this Order, including trade credits, export credits or the refund of duties, taxes or fees, will belong to Buyer. Seller shall provide all information (including written documentation and electronic transaction records) necessary to permit Buyer to receive such benefits or credits and fulfill its obligations under Law. Seller will undertake such arrangements as necessary for the Products to be covered by any duty deferral or free trade zone programs of the country of import.

15. INDEMNITY

Seller shall indemnify and hold Buyer and customers and users of products containing the goods supplied or on which the services were performed (including without limitation an original equipment manufacturer of vehicles, whether directly or indirectly through an upper tier supplier, or any other third party customer), and their respective representatives, employees, agents, customers, invitees, subsidiaries, affiliates, successors and assigns (collectively, the "Representatives"), harmless from and against all liabilities, claims, demands, losses, costs, damages and expenses of any nature or kind (including consequential and special damages, personal injury, property damages, lost profits, recall or other Customer field service action costs, costs allocated under a Customer warranty allocation program, production interruption costs, inspection, handling and reworking charges, professional and other legal fees, and other costs associated with Buyer's administrative time, labor and materials) arising from or as a result of: (a) any breach of the Seller's warranties hereunder; and (b) any other acts, omissions or negligence of Seller or of any of its subcontractors or suppliers in connection with Seller's performance of its obligations under the Order. No limitations on Buyer's rights or remedies in any of Seller's documents shall operate to reduce or exclude such indemnification.

Buyer shall give Seller prompt written notice of any claim for which indemnification is sought under this paragraph 15. Failure to give prompt notice will not diminish Seller's obligations under this paragraph 15 to the extent such failure does not materially prejudice Seller's ability to defend the claim. Seller shall control the defense of the claim, and Buyer may participate in the defense at its discretion with counsel of its choice. Buyer shall make available information and assistance as Seller may reasonably request, at Seller's expense. Seller may not, without the prior written consent of the Buyer, consent to any judgment or settlement that (a) provides for injunctive or other non-monetary relief affecting Buyer or its Representatives or (b) does not provide for an unconditional and full release of the Buyer and its Representatives. If Seller, within a reasonable time after receipt of a request for indemnification, fails to take reasonable steps to defend Buyer or its Representative against a claim, the Buyer may undertake the defense of such claim without waiving its rights and remedies under this Agreement.

16. TERMINATION OR CANCELLATION FOR BREACH

Buyer reserves the right to immediately terminate all or any part of this purchase order, without liability to Seller, if Seller: (a) repudiates or breaches any terms of this purchase order, including Seller's warranties, (b) fails to perform services or deliver goods as specified by the Buyer, (c) fails

to make progress so as to endanger timely and proper completion of services or delivery of goods and does not correct such 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 such failure or breach or (d) becomes bankrupt or insolvent, becomes subject to the terms of any bankruptcy, insolvency or winding-up legislation, or makes an assignment for the benefit of its creditors.

Buyer or its agents shall have the right to audit and examine all books, records, facilities, work, material, inventories and other items relating to any termination claim of Seller. Buyer may cancel or reduce quantities ordered without cost or charge, if due to a cancellation or reduction in quantities by Buyer's OEM manufacturer or other customer through no fault of Buyer, provided that if Buyer obtains a recovery from its OEM manufacturer or other customer on account of such cancellation or reduction which is allocable to Seller, then Buyer shall pay over to Seller the share of cancellation costs so allocable actually received or recovered by Buyer.

17. TERMINATION FOR CONVENIENCE

In addition to any other rights of Buyer to terminate the Order or these terms and conditions, Buyer may, at its option, immediately terminate all or any part of this Order, at any time and for any reason, by giving written notice to Seller. Upon such termination, Buyer shall pay to Seller the following amounts without duplication: (a) the order price for all goods or services which have been completed in accordance with this Order and not previously paid for; and (b) the actual costs of work-in-process and raw materials incurred by Seller in furnishing the goods or services under this Order to the extent such costs are reasonable in amount and are properly allocable or apportionable under generally accepted accounting principles to the terminated portion of this Order; less, however, the sum of the reasonable value or cost (whichever is higher) of any goods or materials used or sold by Seller with Buyer's written consent, and the cost of any damaged or destroyed goods or material. Buyer will make no payments for finished goods, work-in-process or raw materials fabricated or procured by Seller in amounts in excess of those authorized by Buyer in delivery releases nor for any undelivered goods which are in Seller's standard stock or which are readily marketable. Payments made by Buyer under this paragraph shall not exceed the aggregate price payable by Buyer for the finished goods to be delivered or the services to be performed under the Order outstanding at the date of termination. Except as provided in this paragraph, Buyer shall not be liable for payment in respect of finished goods to be delivered or services to be performed outstanding at the date of termination. Except as provided in this paragraph, Buyer shall not be liable for and shall not be required to make payments to 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, facilities and equipment rearrangement costs or rental, unamortized depreciation costs, or general and administrative burden charges from termination of this order. Within thirty (30) days of termination, Seller shall submit a comprehensive termination claim to Buyer for amounts owing under this paragraph, with sufficient supporting data to permit Buyer's audit of such claim, and shall thereafter promptly furnish such supplemental and supporting information as Buyer shall request. Buyer or its agents shall have the right to audit and examine all books, records, facilities, work, material, inventories and other items relating to any termination claim of Seller.

18. CONFIDENTIALITY

It is understood that all drawings, designs, manufacturing data and other information, samples, models and prototypes of parts, products, process and equipment and design ideas obtained by Seller from Buyer, whether orally or in documented form, or developed by Seller for Buyer pursuant to this order and all copies thereof, shall be and remain the exclusive property of Buyer. All such items shall be provided to or returned to Buyer, as the case may be, when Seller has no further need thereof in the performance of this order, and in any event, upon the delivery of the goods or services hereunder. Confidential information also includes all Buyer processes, procedures and equipment observed by Seller when in Buyer facilities for the installation, servicing or maintenance of equipment, or the delivery of goods or services, or for any other purpose. Seller agrees not to use (otherwise than for the purpose of this order) or disclose to any other party for a period of five

(5) years after the completion of this order, any Buyer confidential information heretofore or hereafter obtained from Buyer in connection with this order, or after receipt of the Confidential Information, whichever is longer. Seller's obligation to hold Buyer Confidential Information in confidence shall not apply to information which:

- (a) is known to Seller prior to its receipt from Buyer and Seller has written records to document such fact; or
- (b) can be shown by Seller's written records to have been obtained by Seller from a third party source that did not receive it in confidence or otherwise unlawfully; or
- (c) is, or becomes publicly available other than as a result of a breach of this obligation.

Seller acknowledges that because of the unique and proprietary nature of the Confidential Information, in the event of any breach of this Section by Seller, Buyer shall have the right to seek and obtain injunctive relief to protect its rights herein and Seller shall be responsible for all legal and other costs incurred by Buyer in pursuing that or any other remedy at law or in equity. Any knowledge or information which Seller shall have disclosed or may hereafter disclose to Buyer in connection with this order, shall not, unless otherwise specifically agreed upon in writing by Buyer, be deemed to be confidential or proprietary information, and Buyer shall have the right to use, thereafter, or disclose such information as Buyer may deem appropriate.

19. TECHNICAL INFORMATION DISCLOSED TO BUYER

Further to the provisions of paragraph 17 of this Agreement, Seller acknowledges and agrees that no technical information it discloses or may hereafter disclose to Buyer in connection with the goods or services covered by the Order shall be deemed confidential or proprietary information, unless specifically agreed to in writing by Buyer. Seller agrees that Buyer shall have the right to use and further disclose all non-confidential and non-proprietary technical information disclosed to Buyer, and the Seller agrees not to assert any claim with respect to any such non-confidential and non-proprietary technical information disclosed by Seller to Buyer.

20. PREVENTATIVE MAINTENANCE

Seller agrees to provide Buyer with a complete and comprehensive preventative maintenance plan for Tooling and Equipment prior to final acceptance at Buyer's facility. The preventative maintenance plan shall include, but not be limited to, one complete set of maintenance and operating manuals for all Tooling and Equipment purchased by Buyer (including one in a foreign language, if required by Buyer), as well as a detailed bill of material.

21. TRAINING

Seller shall provide any and all necessary training and training materials to Buyer for the Tooling and Equipment at the initial stage of installation, at no additional cost to Buyer. Seller shall provide training in the amount and on such schedule as shall be reasonably required by Buyer. Seller shall provide the training materials in a computerized format, if possible.

22. SPARE PARTS/ SERVICE DISCOUNT

Seller will sell to Buyer goods necessary for it to service the Products and replacement parts requirements at the price(s) set forth in the Order. If the goods are systems or modules, Seller will sell the components or parts that comprise the system or module at price(s) that shall not, in the aggregate, exceed the price of the system or module less assembly costs. During the 15-year period after Buyer completes current model purchases, Seller will sell goods to Buyer to fulfill Buyer's past model service and replacement parts requirements. Unless otherwise agreed to by Buyer, the price(s) during the first 3 years of such 15-year period shall be those in effect at the conclusion of current model purchases. For the remainder of such 15- year period, the price(s) for

goods shall be as agreed to by the parties, but in no case shall the price be more than 5% higher than the price in effect at the conclusion of the current model purchases. When requested by Buyer, Seller shall make service literature and other materials available at no additional charge to support Buyer's service part sales activities.

23. PERMITS, LICENSES AND AUTHORIZATIONS

Unless otherwise provided in this Contract, Seller will obtain all permits, licenses, franchises, approvals, authorizations, registrations, certificates, variances and similar rights obtained, or required to be obtained, from any Governmental Authority (collectively, "Permits"), for the performance of Seller's obligations under this Contract, including any Permits required for the import or export of the Products or shipment of hazardous materials.

24. INSURANCE

Seller shall maintain insurance coverage with carriers acceptable to Buyer and in the amounts set forth in the terms on the face of the Order. Seller shall furnish to Buyer either a certificate showing compliance with these insurance requirements or certified copies of all insurance policies within 10 days of Buyer's written request. The certificate will provide that Buyer will receive 30 days' prior written notice from the insurer of any termination of coverage. Seller's furnishing of certificates of insurance or purchase of insurance shall not release Seller of its obligations or liabilities under the Order.

Seller shall maintain and carry: (i) property and general liability insurance, including public liability, property damage liability, product liability and contractual liability coverages and professional liability coverage as Buyer may require based on the goods supplied or services performed; and (ii) workers' compensation and employers' liability insurance covering all employees engaged in the performance of the Order; in each case in such amounts and with such limits and with such insurers that are reasonably acceptable to Buyer and which are licensed to provide insurance coverage in the jurisdictions in which any goods are supplied or services performed, which may include state-sponsored workers' compensation insurance. Each policy shall expressly state that it provides primary coverage to any other insurance coverage available to Buyer and shall include an endorsement under which the insurer waives any rights of subrogation it may have against Buyer.

Unless otherwise expressly stated in the Order, Seller's liability insurance policies shall have combined single limits of no less than ten million U.S. dollars (U.S.\$10,000,000) per occurrence and in the aggregate. Seller's property insurance policies shall be written on a "replacement cost" basis and Seller's workers' compensation and employers' liability insurance policies shall be in compliance with applicable statutory requirements and limits.

Seller shall furnish Buyer with certificates or other satisfactory proof of insurance confirming the foregoing insurance coverages within ten days of any request by Buyer. Any such insurance and the certificates shall provide for terms and conditions satisfactory to Buyer whereby, among other things: (i) the interest of Buyer in such insurance coverage is recognized by designating Buyer as an additional insured or loss payee, as interests may appear, or as may be requested by Buyer from time to time; and (ii) each policy shall contain an endorsement that the coverage will not be cancelled without at least thirty days' prior written notice to Buyer. Buyer shall have the right, but not the obligation, to maintain such insurance coverage at Seller's expense prior to the expiration of such notice.

25. SETOFF/RECOUPMENT

In addition to any right of setoff or recoupment provided by law, all amounts due to Seller shall be considered net of indebtedness of Seller and its affiliates/subsidiaries to Buyer and its affiliates/subsidiaries and Buyer shall have the right to set off against or to recoup from any amounts due to Seller and its affiliates/subsidiaries from Buyer and its affiliates/subsidiaries.

26. NO ADVERTISING

Seller shall not, without first obtaining the written consent of Buyer, in any manner advertise or publish the fact that Seller has been contracted to furnish Buyer the goods or services herein ordered, or use any trademarks, trade names or other reference to Buyer in Seller's advertising or promotional materials.

27. NO IMPLIED WAIVER

The failure of either party at any time to require performance by the other party of any provision of this order shall in no way affect the right to require such performance at any time thereafter, nor shall the waiver of either party of a breach of any provision of this order constitute a waiver or any succeeding breach of the same or any other provision.

28. RELATIONSHIP OF THE PARTIES

Seller and Buyer are independent contracting parties and nothing in the Order or these general terms and conditions shall make either party the agent or legal representative of the other for any purpose whatsoever, nor does it grant either party any authority to assume or to create any obligation on behalf or in the name of the other.

29. FURTHER ASSURANCES

Seller agrees and covenants that at any time and from time to time it shall, on the request of the Buyer, do execute, acknowledges and deliver or cause to be done, executed, acknowledged or delivered, all such father acts, deeds, assignments, transfers, conveyances and assurances as may be required by Buyer to carry out the intent of the Order, including but without limiting the forgoing, the assignment or all Foreground Intellectual Property Rights to the Buyer.

30. MISCELLANEOUS

- (a) All payments made under this purchase order shall not be treated, used and/or interpreted as a "contract payment" for the purposes of subsection 127(9) of the Income Tax Act, Canada.
- (b) Items shipped in excess of specified quantities may be returned to Seller at expense of Seller.
- (c) This Order may not be subcontracted, transferred or assigned, in whole or in part, without the prior written consent of Buyer.
- (d) This Order constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be amended or otherwise modified without the prior written consent of the Buyer.
- (e) The terms of this purchase order shall be governed by and construed in accordance with the laws of the Province of Ontario and the Federal laws of Canada applicable therein. The terms and conditions of the United Nations Convention for the International Sale of Goods are expressly excluded.
- (f) This purchase order shall enure to the benefit of and be binding upon the successors or assigns of Seller and Buyer respectively.
- (g) All rights and remedies provided under this Order are cumulative and not exclusive, and the exercise by either Party of any right or remedy does not preclude the exercise of any

other rights or remedies that may now or subsequently be available at law, in equity, by statute, in any other agreement between the parties or otherwise.

- (h) All notices required to be given under the terms of this purchase order shall be deemed to be properly given if made in writing and delivered: (i) by registered mail, addressed to the receiving party at its recognized address appearing elsewhere in this purchase; or (ii) by telecopy to the receiving party at the telecopy number appearing elsewhere on this purchase order.