

AXLETECH INTERNATIONAL LLC
TERMS AND CONDITIONS OF SALE

1. GENERAL

The following terms and conditions of sale are applicable to all ROM's, Estimates, Proposals, Quotations (hereinafter "Offer") and resulting Purchase Orders regarding the sale of the goods or services described in the Offer and/or Purchase Order (hereinafter referred to as the "Products"), constitute an integral part of each and every Offer issued by AxleTech International ("Seller"), and shall be incorporated in every contract entered into between the Buyer and Seller. Except for those terms, which are set forth in the Purchase Order and specifically agreed to and not otherwise objected to in writing by Seller: i.e., the quantity, price, terms of payment, invoicing, special shipping terms, the delivery schedule of the Products, and the description and specifications of the Products ("Special Terms"), these are the only terms and conditions that will apply to the sale of Seller's Products. Other than the Special Terms, the terms set forth herein shall control. Acceptance of a Purchase Order does not constitute an acceptance by Seller of any contrary or additional terms contained in any Purchase Order or other document furnished by Buyer.

2. PRICE

Prices are based on existing labor and material costs and are subject to revision if either is revised prior to shipment of total order. Prices include domestic shipment packaging, but exclude all taxes unless otherwise specified. Additional charges will be quoted for export packaging. Any subsequent change in Buyer's purchase order may result in a change in price.

3. TOOLING AND SPECIFICATIONS: QUALITY:

Other than tooling (including tools, dies, jigs, fixtures, patterns and gages) supplied by Buyer ("Buyer's Tooling"), Seller is to be considered the owner of all tooling used in connection with the Products ("Seller's Tooling"). Buyer will not acquire any interest in or rights to (including any right to remove) Seller's Tooling, notwithstanding any payments of initial charges or other costs paid by Buyer. Seller agrees to keep Buyer's Tooling in reasonably good condition so long as such Tooling remains in Seller's control, but accepts no responsibility for their operation thereafter. Seller may scrap Buyer's Tooling, which is inactive for a period of two (2) years upon sixty (60) days prior written notification to Buyer unless directions to the contrary are received within the sixty (60) days. Any resulting scrap value of Buyer's Tooling shall inure to Seller as payment for storage and maintenance costs. Buyer will be charged for costs incurred by Seller in connection with the repair, replacement, adaptation, modification or excessive maintenance of Buyer's Tooling furnished by Buyer.

The Products will adhere exclusively to Seller's quality standards and specifications, a copy of which can be made available upon request. Supplier reserves the right to change its production methods as well as the location where Products are manufactured, assembled, or produced by the Supplier, the method of assembling, manufacturing, or producing the Products, or the sub-suppliers used. Such changes are subject to the Products meeting Buyer's specifications and standards, Seller's Quality Manual, and will be supported by Supplier's standard Production Part Approval Process (PPAP). Seller will, however, provide Buyer prior written notice of changes that affect fit, form, or function. To ensure the future availability of service parts and components, AxleTech retains the right, without prior written notice to Buyer, to make changes to the form, but not fit or function, of service parts and components.

At its option, and where permitted by law, Seller reserves the right to utilize new, used, repaired, refurbished, reconditioned or remanufactured parts and components when performing repairs, replacement of products, and/or in the course of remanufacturing or reconditioning axles, brakes, assemblies, subassemblies, or other products. Such parts and components will meet Seller's quality standards and will be covered by AxleTech's Warranty Agreement in the same manner as new parts.

4. TAXES

Buyer will reimburse Seller for any sales, use, import/export, property, or similar taxes which Seller may be required to pay or collect under any existing or future law arising out of the sale, purchase, manufacture, delivery, storage, processing, use consumption or transportation of any of the Products covered by this agreement.

5. WARRANTY

All Products are sold subject to Seller's limited warranty, the terms and conditions of which are set forth in AxleTech publ. No. 0340-4 Rev. E, "Products and Components Warranty Agreement" ("Warranty Agreement"), and are incorporated herein by reference. The Warranty Agreement sets out certain limitations. THE EXPLICIT WARRANTIES INCLUDED IN THE WARRANTY AGREEMENT ARE PROVIDED IN PLACE OF ALL WARRANTIES THAT MAY OTHERWISE BE IMPLIED BY LAW (INCLUDING BUT NOT LIMITED TO WARRANTIES OF

MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE), AND PROVIDE BUYER'S SOLE REMEDY FOR ISSUES OR CONDITIONS COVERED BY THE WARRANTY AGREEMENT. By acceptance of the Offer, the Buyer disclaims its right to rely on any such implied warranties, acknowledges that the limited remedies set forth in the Warranty Agreement are Buyer's sole and exclusive remedies, and agrees to comply with the terms of the Warranty Agreement. Normal use of the Products is warranted to be free of any material intellectual property infringement (see paragraph 11 below).

6. DELIVERY, PACKAGING, SHORTAGES, DAMAGE IN TRANSIT

Unless otherwise agreed to in writing: a) delivery will be made to the location shown on the Offer, b) delivery and packaging requirements are as specified and described in the Offer, c) delivery(ies) hereunder shall be FOB Seller's factory (UCC), with Buyer arranging for 'all risk' transportation insurance, and Buyer arranging for and obtaining domestic and international transportation through pre-selected freight forwarders/carriers, at Buyer's cost, and d) title to the Products sold hereunder will pass to Buyer upon delivery to Buyer or Buyer's carrier. If the quantity of Products received by Buyer shall be less than the quantity shown in the quotation, or if the Products received by Buyer shall have been damaged in transit, Buyer shall, within thirty (30) days after receipt of such Products, give written notice of such shortage or damage to the agent of the delivering carrier in order to permit verification of the shortage or damage by the delivering carrier and in order to substantiate a formal claim when and if presented, and Buyer shall send a copy of such notice to Seller. Notwithstanding the foregoing, notice of any latent defect shall be provided within a reasonable time after delivery, and Buyer's remedy for any such latent defect shall be solely under the Warranty paragraph above.

7. DELAY OR NONPERFORMANCE: FORCE MAJEURE

Seller shall not be liable for delay or failure in performance due to fires, floods, strikes or other differences with workmen which materially impact deliveries, accidents, labor or material or transportation shortages, war (declared or undeclared), riot, governmental orders or regulations, legal interferences or prohibitions which materially impact deliveries, defaults on the part of suppliers, or other causes beyond Seller's reasonable control ("Force Majeure"). Seller shall provide timely notification of such Force Majeure and how long its performance may be suspended. If Seller's production is curtailed for any of the reasons set forth in this Section, Seller may allocate its production among its Buyers in a manner Seller deems, in its sole discretion, to be fair and reasonable.

8. SHIPMENTS, CANCELLATION, CHANGES, OR ASSIGNMENT

Partial shipments shall be permitted and Seller may invoice each shipment separately. Once a Purchase Order has been accepted, it may not be changed or cancelled without Seller's written consent, and subject to Seller's agreement to an appropriate adjustment in the purchase price or payment of Seller's cancellation fees, as the case may be. Seller reserves the right to change specifications and designs, which do not materially impair the performance of the Products, without prior notice to Buyer. Neither party may assign any right nor delegate any duty under a resulting Purchase Order to a third party without the other party's written approval; provided, however, Seller may assign such Purchase Order to any affiliated company or any successor in interest of Seller.

9. PRODUCT ACCEPTANCE AND RETURNS

Buyer shall immediately inspect Product(s) upon receipt and notify Seller in writing within five (5) business days of receipt that any Product that is missing, defective, or cannot be made operational; absent such notice, the Product(s) will be deemed accepted by Buyer. If Buyer notifies Seller of a defect, Seller shall either repair or replace the nonconforming Product, at its election. No Products may be returned without Seller's written consent.

10. PAYMENT

Seller will notify Buyer by fax or e-mail when Product(s) is/are available for shipment and issue an invoice for the Product(s) to be shipped. The Buyer will pay all amounts shown on the applicable invoice for each order, including, without limitation, any amounts invoiced to the Buyer as and when due in accordance with the payment terms of the invoice. Buyer shall not, and shall not have any right to, setoff, recoup or otherwise reduce the amount paid to Seller with respect to any penalty or claim the Buyer may have against Seller or any affiliate. Shipment and deliveries shall at all times be subject to the approval of Seller's Credit Department. Seller may at any time, decline to make any shipment until receipt of payment or assurance of payment, as agreed to by the Parties, or may, at Seller's option, cancel the unshipped portion of the order. All payments shall be in US Dollars unless otherwise agreed. In the event of the bankruptcy or insolvency of Buyer, or in the event a proceeding is brought by or against Buyer under applicable bankruptcy or insolvency laws, Seller may cancel

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any order then outstanding, and shall receive reimbursement for its cancellation charges.

11. PATENT INDEMNITY

Except as to Products manufactured to designs or specifications of Buyer, Seller agrees to indemnify and hold Buyer harmless from liability for any final judgment awarded against Buyer in any civil action for infringement of any United States patent claims allegedly covering Products in the form in which they are furnished hereunder, and provided that Buyer has given Seller notice of any suit for infringement brought against Buyer within ten (10) days of the date of service of complaint upon Buyer and has permitted Seller to control the defense of such suit. However, in no event shall Seller be liable for any infringement by Buyer resulting from the use or sale of the Products furnished hereunder where such Products are suitable for substantial non-infringing use. Buyer shall indemnify and hold Seller harmless from liability for costs or damages awarded against Seller in any civil action for infringement of any United States patent claims allegedly covering the Products manufactured to designs or specifications of Buyer.

12. DATA

Any specifications, drawings, technical information or other data furnished by Seller to Buyer are and shall remain Seller's sole property, and shall not be considered works for hire. The Parties will handle all confidential and/or proprietary information and comply with the terms set forth in any Non-Disclosure Agreement that is in effect between the Parties. In the event that the Seller and Buyer have not executed a Nondisclosure Agreement, then Buyer shall keep such Data confidential, and shall return or destroy it (along with any copies made by Buyer) to Seller at Seller's request.

13. NOTICE AND WAIVER OF BREACH

All notices, reports, requests, approvals and other communications required or permitted under this Agreement must be in writing. No waiver by Seller of any breach of these provisions shall constitute a waiver of any other breach.

14. CONSEQUENTIAL DAMAGES

UNDER NO CIRCUMSTANCES SHALL SELLER OR ANY OF ITS AFFILIATES HAVE ANY LIABILITY WHATSOEVER FOR INCIDENTAL, SPECIAL, OR CONSEQUENTIAL DAMAGES. This limitation applies to any loss of profit or revenue; loss of use of the Product(s) or any parts thereof; loss of data; cost of capital; or cost of replacement product(s). Seller shall not be liable for claims under contracts between Buyer and its customers or suppliers. Unless expressly provided for herein, in no event shall Seller or any of its affiliates be responsible or liable for a) penalties or liquidated damages of any description, b) certifications, or c) indemnification of Buyer or others for costs, damages, or expenses arising out of or related to the Product(s) or any parts thereof. **IN NO EVENT WILL SELLER'S LIABILITY IN CONNECTION WITH THE PRODUCTS EXCEED THE AMOUNT PAID BY BUYER TO SELLER FOR THE PRODUCTS GIVING RISE TO SUCH LIABILITY.** These limitations shall apply to all causes of action in the aggregate. Buyer shall be solely responsible for all losses, liabilities, damages, expenses (including reasonable attorneys' fees), and claims or causes of action of any kind brought against Seller arising from a breach or violation of law by Buyer, or from a sale by Buyer of Seller's Product(s) that does not flow down Seller's Warranty Agreement. Seller also shall not be responsible for Buyer's or Buyer's customer's misuse of the Product(s), including but not limited to liabilities for bodily injury or property damage, unless specifically caused by the gross negligence or intentional act or omission of Seller. The parties will cooperate with each other in the defense of any such claims or causes of action.

15. CHOICE OF LAWS; DISPUTE RESOLUTION

To the best of the Seller's knowledge and belief, it is in compliance with all state and federal laws. Buyer shall comply with all applicable laws in performing its obligations under this Offer and/or Purchase Order, including but not limited to export control laws. This order is governed by the laws of Michigan, exclusive of any conflicts of law provisions. The parties agree that the United Nations Convention on Contracts for the International Sale of Goods (1980) is specifically excluded from application to this order. Except for actions for injunctive relief, which may be brought at any time, in the event of a dispute that cannot be amicably resolved by the parties, such dispute shall be submitted by either party to arbitration in accordance with the arbitration rules of the American Arbitration Association (AAA). The matter shall be heard by one arbitrator, unless the parties agree to a panel of three (3) arbitrators within ten (10) business days of submission of the dispute to the AAA. The ruling of the arbitrator(s) shall be final and binding on both parties. The place of arbitration will be Detroit, Michigan. The language used in the arbitral proceedings shall be English. The award of the arbitrator may be entered in and enforced by any court having jurisdiction thereof. Each party shall pay its own costs and attorney fees.

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16. COMPLIANCE WITH MOTOR VEHICLE SAFETY STANDARDS

Seller certifies that Products sold hereunder comply with applicable legal standards in effect on the date hereof issued under the Federal Motor Vehicle Safety Act and/or the Occupational Safety and Health Act (a) if the Products are for use as original equipment and are used as specified in an applicable approved AxleTech Axle or Brake Recommendation and are properly assembled and integrated into a vehicle produced and certified by Buyer, or (b) if the Products are for use as replacement parts and the use of the Products conforms with an AxleTech Axle or Brake Recommendation for original equipment. Except as specifically provided above, Seller does not certify compliance of the Products with any motor vehicle or safety law or regulation, and Buyer expressly disclaims assumption of any of Buyer's obligation under such laws.

17. ELECTRONIC DATA INTERCHANGE

Seller and Buyer may use electronic means, including computer-based telecommunications systems, to transmit this Offer, Buyer's Purchase Order, Seller's acknowledgement of that purchase order, or other correspondence or information relation to the placing of this Offer, its acceptance, or the performance of the Buyer's resulting order.

18. GOVERNMENT CONTRACTS

If Buyer's customer or ultimate end user is the US Government, then Buyer acknowledges that the Products sold under this order are Commercial Items as defined under FAR 2.101. All Products are offered at a 'fair and reasonable price' in comparison with the price of this Product and similar products sold in the commercial marketplace. Seller shall only be subject to required flow-downs under FAR 52.244-6 and DFARS 252.244-7000 (if applicable), and other FAR/DFARS flow-downs that may be proposed by Buyer are rejected and shall be deemed self-deleting and void in this agreement between Buyer and Seller. Seller data may contain trade secrets and commercial or financial information, and such data is privileged/confidential under the Freedom of Information Act (5 USC § 552) and the Trade Secrets Act (18 USC § 1905).

19. LANGUAGE

Any resulting Purchase Order from this Offer and these Terms and Conditions of Sale shall be written in English only. If any such Offer, or Purchase Order, or these Terms and Conditions are translated into any other language, the English version shall be the only governing version.

20. INSURANCE

Upon award of a Purchase Order and upon Buyer's specific request, AxleTech will provide proof of insurance regarding Worker's compensation, Comprehensive automotive, and General Commercial Liability, with combined single limits of \$1,000,000.)

21. OFFSET/LOCAL CONTENT RELATED TO THIS PURCHASE

Seller's Offer does not include any offset, local content, countertrade commitment. Should all or part of the Products supplied under this Purchase Order be provided to customers outside the United States or its territories, Buyer must inform Seller of the country of origin and any offset, countertrade, or local content obligations in writing before the Purchase Order goes into effect. If the Purchase Order is made conditioned to any offset, countertrade, or local content commitment, then Seller reserves the right, at its option, to rescind or revise its Offer and/or price, or to terminate any Purchase Order hereunder or this agreement itself.

22. EXPORT CONTROLS

The Parties acknowledge that Products and/or Technical Data or related services may be subject to applicable U.S., European, or international export control laws and regulations, including but not limited to the Wassenaar Treaty, 15 C.F.R. Sec. 730-774 (EAR), The International Traffic in Arms Regulations ("ITAR," 22 CFR 120-130), and other applicable international trade regulations. The parties agree to comply with these international trade laws to the extent these laws and regulations apply, and will ensure that such Confidential Information furnished hereunder shall not be disclosed contrary to such laws and regulations. The Buyer agrees that it shall not export, re-export, or re-transfer information transferred under this Order Acknowledgement, except in compliance with the licensing and other applicable requirements of the aforementioned export control laws and regulations. Buyer further agrees that if ITAR controlled technical data has to be exchanged, then the Parties will execute a Technical Assistance Agreement (TAA) or export license, if required, prior to the exchange, export or re-export of any United States origin governed by this Order Acknowledgement.