

TERMS AND CONDITIONS OF SALE

- 1. Acceptance.** Acceptance is expressly limited to the negotiated and mutually agreed terms and conditions on the face of the purchase order and these Terms and Conditions of Sale (collectively, this "Contract"). No purported acceptance of this Contract on terms and conditions which modify, supersede, supplement or otherwise alter these Terms and Conditions of Sale, whether contained in Buyer's purchase order or other acceptance document (including, without limitation, Buyer's terms and conditions of purchase), shall be binding upon Federal-Mogul and such terms and conditions shall be deemed rejected and replaced by these Terms and Conditions of Sale. Notwithstanding any contrary provision in Buyer's purchase order or other acceptance document, delivery of goods or commencement of work by Federal-Mogul shall not constitute acceptance of Buyer's terms and conditions.
- 2. Drawings and Specifications:** This Contract is conditional upon the timely receipt of drawings and specifications from Buyer. Federal-Mogul shall not be responsible for delays caused by failure of Buyer to provide its purchase order, drawings and specifications within the required timeframe. Buyer agrees to reimburse Federal-Mogul for any overtime or additional costs required to meet accelerated dates. Federal-Mogul reserves the right to re-quote cost and delivery in the event of changes in the drawings and specifications or in the event of changes in estimated annual volumes.
- 3. Design, Use and Suitability:** Suggestions as to design, use and suitability made by Federal-Mogul are submitted in good faith; however, Buyer assumes final responsibility for accepting and/or using such suggestions. Buyer assumes all risk and liability for the results obtained by use of the goods that are attributable to Buyer.
- 4. Credit:** Credit and delivery of goods shall be subject to Federal-Mogul 's approval and Federal-Mogul reserves the right to alter the payment terms; require additional security; fix a limit of credit and require an irrevocable letter of credit. Because financial uncertainty puts the entire supply chain at risk, failure of Buyer to comply with Federal-Mogul 's credit terms, as the same may be adjusted from time to time, shall be grounds for Federal-Mogul to cease shipment and shall constitute Buyer's consent for Federal-Mogul to address Buyer's credit situation and the payment status of Buyer's account by informing Buyer's customers.
- 5. Prices and Price Reductions:** Federal-Mogul reserves the right to increase prices in the event of increases in its raw material or other costs arising after the date of this Contract. No price reductions shall apply unless specifically agreed to in writing by Federal-Mogul . Unless otherwise agreed in writing, such price reductions shall not commence prior to one year following the start of production. Price reductions shall be proportionately reduced to the extent sales volume, in pieces, during the twelve-month period ending on the last day of the month preceding the effective date of the price reductions are less than the quoted volumes provided by the Buyer.
- 6. Delivery:** The goods will be delivered within a reasonable time after the receipt of Buyer's purchase order. Federal-Mogul shall not be liable for any delays, loss or damage in transit. Unless otherwise agreed in writing by the parties, Federal-Mogul shall deliver the goods FCA Federal-Mogul 's location (INCOTERMS 2010) using Federal-Mogul 's standard methods for packaging and shipping such goods. Federal-Mogul may, in its sole discretion, without liability or penalty, make partial shipments of goods to Buyer. Each shipment will constitute a separate sale, and Buyer shall pay for the units shipped whether such shipment is in whole or partial fulfillment of Buyer's purchase order.
- 7. Warranty:** Federal-Mogul warrants that at the time of delivery the goods sold will be free from material defects in materials and workmanship and will conform to the parties mutually agreed and expressly released PPAP drawing. Any claim for defective materials, defective manufacture, shortage in count, or any other cause shall be presented by the Buyer within thirty (30) days from the receipt of the goods. Federal-Mogul , at its election, will make an allowance; repair; or replace such quantity of the goods as shall prove to be defective or short in count. Before using, Buyer shall determine the suitability of the goods for its intended use and Buyer assumes all risk and liability whatsoever in connection therewith. Any claim for defective material or workmanship must be verified by Federal-Mogul 's authorized representative and, in such a case, Federal-Mogul 's liability is limited to (i) the replacement or repair of such part of the material in question as Federal-Mogul may decide is defective after proper examination, or (ii) the payment of the price for such goods. **FEDERAL-MOGUL WILL NOT, IN ANY EVENT, BE LIABLE FOR ANY LOSS OF REVENUE, PROFIT, INTERRUPTION OF BUSINESS OR FOR SPECIAL, INDIRECT, CONSEQUENTIAL, INCIDENTAL, EXEMPLARY OR PUNITIVE DAMAGES, HOWEVER CAUSED AND REGARDLESS OF THE THEORY OF LIABILITY, ARISING OUT OF THE USE OF OR INABILITY TO USE THE GOODS, OR IN ANY WAY CONNECTED TO THIS CONTRACT, EVEN IF FEDERAL-MOGUL HAS BEEN ADVISED OF THE RISK OF SUCH DAMAGES.**

Federal-Mogul shall defend and indemnify Buyer from any claim which asserts that the Products or their inherent methods of operation, intrinsically, infringe any effective patent, except as to a claim based on Buyer's use of the Products as an element in an overall combination. Federal-Mogul 's obligation shall not apply to a claim based on Products or portions thereof specified, designed, or manufactured by Buyer. Buyer shall notify Federal-Mogul promptly of any assertions of patent infringement and provide Federal-Mogul with assistance and information requested by Federal-Mogul for its defense, or Federal-Mogul shall have no further obligation to defend or indemnify. Federal-Mogul shall defend with counsel of its choice and shall have the sole right, without consultation with Buyer, to take all action Federal-Mogul deems appropriate to prosecute or settle such claims. Federal-Mogul 's exclusive obligation to indemnify as to Products declared to infringe is limited to the acquisition of a license, the replacement of Products with non-infringing goods, the modification of the Products so that they are non-infringing, or the return of the purchase price for the Products, as Federal-Mogul may elect in its sole discretion. This Section states Federal-Mogul 's entire and exclusive obligation regarding patent infringement and remedies therefor, and Buyer waives all other rights.

The foregoing may not be changed except by an agreement signed by a Vice President of Federal-Mogul .

FEDERAL-MOGUL MAKES NO OTHER WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE GOODS INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT.

8. Buyer's Warranties and Representations: Buyer warrants and represents that: (a) any information, material or other items disclosed or delivered to Federal-Mogul hereunder is Buyer's rightful property; and (b) Buyer has the right to disclose or deliver all information, material or other items disclosed or delivered to Federal-Mogul by Buyer hereunder. If a claim, suit or action alleging infringement arises out of (i) compliance by Federal-Mogul with specifications or designs furnished by Buyer which describe that aspect of said goods on which such alleged infringement is based, or (ii) the performance of a process not recommended in writing by Federal-Mogul , or (iii) the use or sale of the goods provided by Federal-Mogul hereunder in combination with other products not provided by Federal-Mogul to Buyer, or (iv) any use by Federal-Mogul of a supplier directed or suggested by Buyer or any parts or products therefrom, then in any such event, Buyer shall defend such claim, suit or action and indemnify and save Federal-Mogul harmless therefrom.

9. Returns: No returned goods will be accepted for any reason unless a valid return authorization to return such goods is first secured from Federal-Mogul and such return is shipped in accordance with Federal-Mogul's instructions. Any returns received without a Federal-Mogul issued valid return authorization shall, at Federal-Mogul's option, be: (i) immediately returned to Buyer at Buyer's sole expense, or (ii) ten (10) days after notification to Buyer, disposed of at Buyer's sole expense. Buyer shall be responsible for all damage to returned goods resulting from improper packing or handling of the goods.

10. Changes, Deferment and Cancellation or Deliveries: Insofar as practical, Federal-Mogul will accept changes, deferments or cancellations of deliveries without charge. However, deliveries of firm orders which have been accepted by Federal-Mogul may be changed, deferred or canceled only upon agreement by Federal-Mogul and Federal-Mogul may condition said agreement upon Buyer's assumption of liability and payment to Federal-Mogul for: (i) all completed work at the order price; (ii) a sum equal to the costs of work in process including costs accrued for labor and material; and (iii) any amount for which Federal-Mogul shall be liable by reason of commitments made by it to its suppliers, including both internal and external suppliers.

11. Buyer's Financial Status: If a receiver or trustee is appointed for any of Buyer's property, or Buyer is adjudicated bankrupt, or an application for reorganization under applicable bankruptcy law is filed by or against Buyer which is not dismissed within ten (10) days or if Buyer becomes insolvent or makes an assignment for the benefit of creditors or takes, or attempts to take, the benefit of any insolvency acts, or an execution is issued pursuant to a judgment rendered against Buyer, or should Buyer be unable or refuse to make payment to Federal-Mogul in accordance with any of its obligations to Federal-Mogul, Federal-Mogul may at its option in any of such events terminate this Contract and/or all related purchase orders by giving to Buyer a written notice. Upon such termination, Federal-Mogul shall be relieved of any further obligation to Buyer and Buyer shall reimburse Federal-Mogul for Federal-Mogul's termination costs and expenses and a reasonable allowance for profit and all sums paid to Federal-Mogul up to that time shall be retained by Federal-Mogul and applied toward the termination costs and expenses (and profit) payable hereunder. The excess, if any, of such sums over the total termination amount shall be returned to Buyer by Federal-Mogul.

12. Liability Limitation: In addition to any of the foregoing, to the extent permitted by law, the Indemnified Parties shall not be liable to Buyer for any incidental, punitive, exemplary, special, indirect or consequential damages, or lost profits incurred by Buyer or any third party or arising as a result of a breach of this Contract or a breach of Federal-Mogul's warranties under this Contract.

13. Preclusion from Setoff or Recoupment: Buyer is prohibited from and shall not setoff against or recoup from any invoiced amounts due or to become due from Buyer, its parent or affiliates against Federal-Mogul, its parent or affiliates in this or in separate transactions.

14. Rights in Proprietary Data: Reports, specifications, drawings, designs, computer programs and any other property, tangible or intangible, furnished by Federal-Mogul remains Federal-Mogul's exclusive property and may not be used, copied or disclosed without Federal-Mogul's prior written consent. Without the execution of a specific, separate license agreement, between Buyer and Federal-Mogul, Buyer shall not have a license to make or have the goods made.

15. Confidentiality: During the term of this Contract it may become necessary or advisable for Federal-Mogul to furnish Buyer with technical, business or financial information of Federal-Mogul or its suppliers, including, but not limited to, Federal-Mogul's prices ("Confidential Information"). Buyer, upon receipt of such Confidential Information, agrees to create and enforce guidelines and procedures to ensure that disclosure, publication or dissemination of Confidential Information received from Federal-Mogul is prevented.

16. Assignment: This Contract and/or all related purchase orders shall not be assigned in whole or in part by either party without the prior written consent of the other party, except that Federal-Mogul may assign its rights, liabilities and obligations arising out of this Contract and/or any related purchase order to any parent, subsidiary, affiliate or any corporation with which Federal-Mogul may merge or consolidate or to which Federal-Mogul may assign all or substantially all of its assets or that portion of its business to which this Contract and/or any related purchase order pertains without prior consent.

17. Export and Import Licenses: Except as otherwise provided herein, nothing herein shall be construed as imposing an obligation on Federal-Mogul to furnish or obtain any export or import license or similar authorization or to be in any way responsible for its issuance or its continuance in force if issued.

18. Changes: No modifications of any order placed by Buyer and accepted by Federal-Mogul shall be binding unless in writing signed by both parties hereto.

19. Intellectual Property: No intellectual property of Federal-Mogul is transferred by any sale of goods, materials, tooling and/or equipment and no license rights are granted to make, have made, or produce any of the goods in question.

20. Right of Retention: Federal-Mogul reserves all rights of ownership in the goods delivered hereunder until the purchase price for the goods has been duly paid.

21. Compliance with Laws: Buyer represents that the goods delivered hereunder will be produced and supplied in compliance with all applicable laws and regulations.

22. Excusable Delay: Federal-Mogul shall not be liable for any delays or inability to perform if such delay or inability to perform is caused by circumstances beyond its reasonable control, including without limitation Acts of God or public authority, riots or other public disturbances, labor disputes of any kind, inability to obtain raw materials, power failures, or failure of Buyer to provide required information.

23. Termination: Federal-Mogul reserves the right to terminate this Contract and all related purchase orders if Buyer fails to perform any of its obligations under this Contract and all related purchase orders. In the event of termination, Buyer shall be liable for prompt payment of any amounts due as well as Federal-Mogul's claims for raw materials, work in process and finished goods under any releases issued by Buyer. If Buyer terminates or cancels any related purchase order (other than for Federal-Mogul's breach), Buyer shall be liable for the prompt payment of amounts due, raw materials, work in process, finished goods under Buyer's releases as well as all claims by Federal-Mogul's subcontractors and Federal-Mogul's claims for its unamortized investments involved in preparing to or producing the goods. In addition to the foregoing, Federal-Mogul may terminate this Contract, in whole or in part, for convenience upon thirty (30) days prior written notice to Buyer.

24. Taxes: Buyer agrees to be liable for any tax (not including income tax) which may be imposed by any taxing authority arising out of the sale, delivery or use of the goods or services.

25. Waiver: Waiver by Federal-Mogul of any of the terms set forth herein or in the Agreement to which it is attached shall not constitute a waiver of such terms as to any subsequent events or conditions, whether similar or dissimilar. A course of dealing or custom in the trade shall not constitute a modification or waiver by Federal-Mogul of any right.

26. Governing Law; Jurisdiction; Venue. This Contract shall be governed by the laws of the country or region where Federal-Mogul is located without regard to any applicable conflict of laws provisions. The United Nations Convention on the International Sale of Goods is expressly excluded. Buyer consents to the exclusive jurisdiction of the appropriate court in city where Federal-Mogul is located for any legal action or proceeding arising out of, or in connection with, the Contract. Buyer specifically waives any and all objections to venue in such courts.

27. Partial Invalidity: If any term or provision of these Terms and Conditions of Sale, or the application thereof to any situation or circumstance, shall be invalid or unenforceable, the remainder of these Terms and Conditions of Sale or the application of such term or provision to situations or circumstances other than those as to which it is invalid or unenforceable, shall not be affected; and each term or provision of these Terms and Conditions of Sale shall be valid and enforceable to the fullest extent permitted by applicable law.

28. Survival: These Terms and Conditions of Sale shall survive and continue in full force and effect following the expiration, cancellation or termination of this Contract and any related purchase order.

29. Entire Agreement: The terms and conditions of this Contract constitute the entire agreement between the parties hereto and shall supersede any previous communications, representations, or agreements, either oral or written, between the parties hereto with respect to the subject matter hereof, including any subsequent terms of purchase of the Buyer. No modification of the terms and conditions of this Contract shall be effective unless agreed to in writing by an authorized representative of Federal-Mogul .