

Lear Corporation Purchase Order Terms and Conditions For Goods, Tooling and Equipment

(April 30, 1999 Version)

1. **Offer, Acceptance and Notification** - This order is an offer to Seller by Purchaser to enter into the agreement it describes and it shall be the complete and exclusive statement of such agreement. Seller shall accept the offer in writing or by beginning work hereunder. Modifications proposed by Seller are not part of the agreement in the absence of Purchaser's written acceptance.
2. **Delivery Schedules** - Deliveries shall be made both in quantities and at times specified herein or on written fabrication and shipping authorization, which shall be furnished by Purchaser. Time of delivery is the essence of this order. Seller shall adhere to shipping directions specified on Purchaser's material releases. Purchaser shall not be required to make payment for goods delivered to Purchaser which are in excess of quantities specified in Purchaser's delivery schedules. Purchaser may change rate of scheduled shipments or direct temporary suspension of scheduled shipments, neither of which shall entitle Seller to a modification of the price of goods or services covered by this order.
3. **Premium Shipments** - Premium shipping expenses and/or other related expenses necessary to meet agreed upon delivery dates shall be Seller's sole responsibility.
4. **Insolvency** - Purchaser may immediately cancel this order without liability to Seller in the event of the happening of any of the following or any other comparable event: (i) insolvency of Seller; (ii) filing of a voluntary petition in bankruptcy by Seller; (iii) filing of an involuntary petition in bankruptcy against Seller; (iv) appointment of a receiver or trustee for Seller; (v) or execution of an assignment for the benefit of creditors of Seller, provided that such petition, appointment or assignment if made or filed involuntarily against Seller is not vacated or nullified within fifteen (15) days of such event.
5. **Cancellation For Breach** - Purchaser reserves the right to cancel all or any part of this order, without liability to Seller if Seller: (i) repudiates or breaches any of the terms of this order including Seller's warranties; (ii) fails to perform services or deliver goods as specified by Purchaser; or (iii) 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 delivery of goods; and does not correct such failure or breach within ten (10) days or such shorter period of time as is commercially reasonable under the circumstances after receipt of written notice from Purchaser specifying such failure or breach.
6. **Termination** - (a) In addition to any other rights of Purchaser to cancel or terminate this order, Purchaser 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. (b) Upon receipt of notice of termination, Seller, unless otherwise directed by Purchaser, shall (i) terminate promptly all work under this order; (ii) transfer title and deliver to Purchaser the finished work, the work-in-process, and the parts and materials which Seller produced or acquired in accordance with this order and which Seller cannot use in producing goods for itself or for others; (iii) settle all claims by subcontractors, if any, for actual costs that are rendered unrecoverable by such termination; and (iv) take actions reasonably necessary to protect property in Seller's possession in which Purchaser has an interest.

(c) Upon termination by Purchaser under this Section, Purchaser shall pay to Seller the following amounts without duplication: (i) the purchase order price for all finished work and completed services which conform to the requirements of this order and not previously paid for, (ii) Seller's reasonable actual cost of the work-in-process and parts and materials transferred to Purchaser in accordance with subsection (b) (ii) hereof, (iii) Seller's reasonable actual cost of settling the claims of the obligation Seller would have had to the subcontractors in the absence of termination, and (iv) Seller's reasonable actual cost of carrying out its obligations under subsection (b) (iv) hereof. Purchaser's obligation upon termination under this Section shall not exceed the obligation Purchaser would have had to Seller in the absence of termination.

(d) Within two months after the date of termination, Seller shall furnish to Purchaser its termination

claim which shall consist exclusively of the items of Purchaser's obligation to Seller that are listed in subsection (c) hereof. Purchaser may audit Seller's records before or after payment to verify amounts requested in Seller's termination claim.

7. **Assignment** - Seller shall not assign this order or claims for monies without prior written consent of Purchaser. Purchaser may freely assign its rights and obligations in this order.
8. **Changes** - Purchaser reserves the right at any time to direct changes, or cause Seller to make changes, to drawings and specifications of the goods or to otherwise change the scope of the work covered by this order including work with respect to such matters as inspection, testing or quality control, and Seller agrees to promptly make such changes. Any such changes shall be deemed not to affect time for performance or cost unless Seller notifies Purchaser in writing within ten (10) days after mailing of any such order. Seller shall not make any change in this order without the written approval of Purchaser. Seller shall consider the impact of a design change on the system in which the product is used. The Seller shall consider the impact of a design change on the system in which the product is used.
9. **Bailed Property** - All patterns, tools, dies, jigs, fixtures, blueprints, designs, specifications, drawings, photographic negatives, positives, art work, copy layout, consigned material for production or repair and other items furnished by Purchaser, either directly or indirectly, to Seller to perform this order, or for which Seller has been reimbursed by Purchaser, shall be and remain the property of Purchaser. Seller shall bear the risk of loss of and damage to Purchaser's property and Seller at its own expense shall keep such property insured for the benefit of Purchaser. Purchaser's property shall at all times be properly housed and maintained by Seller; shall not be used by Seller for any purpose other than the performance of this order; shall be deemed to be personalty; shall be conspicuously marked by the Seller to identify it as the property of the Purchaser and indicate the Purchaser's name; 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 Purchaser's prior written approval. Upon the request of Purchaser, such property shall be immediately released to Purchaser or delivered to Purchaser by Seller, either (i) F.O.B. transport equipment at Seller's plant, properly packaged and marked in accordance with the requirements of the carrier selected by Purchaser to transport such property, or (ii) in any location designated by Purchaser, in which event Purchaser shall pay to Seller the reasonable cost of delivering such property to such location. Purchaser shall have the right to enter onto Seller's premises at all reasonable times to inspect such property and Seller's records with respect thereto.
10. **Proprietary Information** - If Purchaser furnished or supplied Seller with any designs, drawings, specifications, blueprints or other materials which contain proprietary information, Seller shall not disclose or use for the benefit of Seller or others such designs, drawings, specifications, blueprints or other material including any copies thereof, except with the written approval of Purchaser.
11. **Inspection** - Purchaser shall have the right to enter Seller's facility at reasonable times to inspect the facility, goods, materials and any property of Purchaser covered by this order. Purchaser'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.
12. **Verification of Subcontracted Product** - Purchaser or Purchaser's representative shall be afforded the right to certify at any subcontractor's premises and Seller's premises that subcontracted product conforms to specified requirements. Such verification shall not be used by Seller as evidence of effective control of quality by the subcontractor. Verification by Purchaser shall not absolve Seller of the responsibility to provide acceptable product nor shall it preclude subsequent rejection by Purchaser.
13. **Nonconforming Goods** - To the extent Purchaser rejects goods as nonconforming, the quantities under this order will not be reduced by the quantity of nonconforming goods unless Purchaser otherwise notifies Seller. Seller will replace nonconforming goods with conforming goods unless otherwise notified by Purchaser. Nonconforming goods will be held by Purchaser for disposition in accordance with Seller's instructions at Seller's risk. Seller's failure to provide written instructions within ten (10) days, or such shorter period as may be commercially reasonable under the

circumstances after notice of nonconformity, shall entitle Purchaser, at Purchaser's option, to charge Seller for storage and handling, or to dispose of the goods without liability to Seller. Upon the return of any nonconforming goods, Seller shall reimburse Purchaser for (a) any amounts paid by Purchaser on account of the purchase price of such returned goods, and (b) any costs incurred by Purchaser in connection with, but not limited to inspection, sorting, testing evaluations, storage or rework, within ten (10) days after a debit memo for the costs has been issued by Purchaser. Payment for nonconforming goods shall not constitute an acceptance hereof, limit or impair Purchaser's right to assert any legal or equitable remedy, or relieve Seller's responsibility for latent defects.

14. **Warranty** - Seller expressly warrants that all goods and services covered by this order will conform to the specifications, drawings, samples or descriptions furnished to or by Purchaser and/or U.S. industry standards, and will be merchantable, of good material and workmanship and free from defects. Such warrant shall be effective for a period of time equal to the Purchaser's regular warranty period in effect on date of shipment or in the case of any recall campaign, the time period dictated by the U.S. Federal, State or Foreign Government where the material is used. In addition, Seller acknowledges that Seller knows of Purchaser's intended use and expressly warrants that all goods covered by this order which have been selected, designed, manufactured or assembled by Seller, based upon Purchaser's intended use, will be fit and sufficient for the particular purpose intended by Purchaser. Seller hereby covenants and agrees to indemnify and hold Purchaser harmless from any claims, liabilities, damages, including special, consequential, punitive and exemplary damages, and costs (including reasonable attorney fees) arising in any way from any breach or alleged breach of the above warranties of Seller whether or not such goods have been incorporated into Purchaser's products and/or resold by Purchaser.
15. **Insurance** - Seller shall obtain and maintain insurance coverage in amounts necessary to conform to the terms and conditions of this order, including comprehensive general liability insurance. Seller shall furnish to Purchaser certificates of insurance setting forth the amount of coverage, policy number and date(s) of expiration for insurance maintained by Seller and, if further requested by Purchaser, such certificates will provide that Purchaser shall receive thirty (30) days prior written notification from the insurer of any termination or reduction in the amount or scope of coverages.
16. **Compliance** - Seller agrees to comply with all federal, state and local laws, Executive Orders, rules, regulations and ordinances which may be applicable to Seller's performance of its obligations under this order, and this order shall be deemed to incorporate by reference all the clauses required by the provisions of said laws, orders and regulations. All purchased materials used in part manufacture shall satisfy current governmental and safety constraints on restricted, toxic and hazardous materials as well as environmental, electrical and electromagnetic considerations applicable to the country of manufacture and sale. All production and service part suppliers of the Buyer must be in compliance with QS9000, Section I.
17. **Production Part Approval Requirements** - Seller agrees to meet the full requirements identified in the industry production part approval process manual and agrees to present this information to Purchaser upon request, regardless of the authorized submission level. at Level No. 3 unless otherwise authorized in writing by the Purchaser's using facility.
18. **Parts Identification** - All material supplied pursuant to this order which shall be construed as a completed part shall permanently bear the Purchaser's part number and name or code name, Seller's name or code name, and date of manufacture by Seller.
19. **Shipping** - Seller agrees (a) to properly pack, mark and ship goods in accordance with the requirements of Purchaser and involve carriers in a manner to secure lowest transportation cost; (b) to route shipment in accordance with Purchaser's instructions; (c) to make no charge for handling, packaging, storage, transportation or drayage of goods unless otherwise stated in this order; (d) to provide with each shipment papers showing the purchase order number, amendment or release number, Purchaser's part number, Seller's part number where applicable, quantity of pieces in shipment, number of cartons or containers in shipment, Seller's name and number and the bill of lading number; and (e) to promptly forward this original bill of lading or other shipment receipt for each shipment in accordance with Purchaser's instructions and carrier requirements. The marks on

each package and identification of the goods on packing slips, bills of lading and invoices shall be sufficient to enable Purchaser to easily identify the goods purchased.

20. **Customs Drawback Documents** - Upon request, Seller's located outside the continental United States of America, shall furnish promptly all documents required for customs drawback purposes, properly completed in accordance with government regulations applicable thereto. Unless otherwise stated herein, all customs drawback will be credited to the Purchaser.
21. **Invoices** - All invoices and/or advanced shipping notices ("ASNs") for material shipped to this purchase order must reference purchase order number, amendment or release number, Purchaser's part number, Seller's part number where applicable, quantity of pieces in shipment, number of cartons or containers, Seller's name and number, and bill of lading number, before any payment will be made for material by Purchaser. Buyer reserves the right to return all invoices or related documents submitted incorrectly, and payment terms will be determined as of the date of the latest correct invoice or ASN received.
22. **Setoff** - In addition to any right of setoff or recoupment provided by law, all amounts due Seller shall be considered net of indebtedness or obligations of Seller to Lear Corporation and/or its direct or indirect subsidiaries, and Lear Corporation may deduct any amounts due or to become due from Seller to Lear Corporation and/or its direct or indirect subsidiaries from any sums due or to become due from Lear Corporation to Seller.
23. **Applicable Law - Arbitration** - This order shall be governed by the laws of the State of Michigan. Disputes arising from the order shall be finally settled by arbitration before the American Arbitration Association, Detroit, Michigan, pursuant to its commercial arbitration rules then in effect. The decision of the arbitrator shall be final and binding upon Purchaser and Seller, shall not be appealable, and judgment on the award rendered may be entered in any court of competent jurisdiction.
24. **NAFTA Provisions** - Upon acceptance of this purchase agreement, you are obligated to provide the Purchaser with NAFTA Certificates of Origin for all Components and Raw Material supplied for the duration of this Purchase Order. The Certificates of Origin must include the Purchaser's plant location as supplied.
25. **NAFTA Certificates** - Completed NAFTA Certificates of Origin will be submitted to the Purchaser's Purchasing Department, ATTN: NAFTA Coordinator.
26. **Orders for Tooling** - The provisions of this paragraph apply only to tooling orders: Purchaser shall have access to Seller's premises and records during usual business hours, prior or subsequent to payment, to inspect work performed and to verify charges submitted by Seller against this purchase order or amendment. The price set forth in this purchase order or amendment shall be adjusted so as to credit Purchaser in the amount, if any, by which such price exceeds Seller's actual cost as verified. Seller further agrees to retain all cost records for a period of three years after receiving final payment of such charges. All tools and equipment are to be made to Purchaser's tooling and equipment specifications manual (available from the manufacturing engineering department located at Purchaser's Technical Center). Exceptions are to be covered in writing on this purchase order or by letter from the manufacturing engineer. Tooling Guidelines and Definitions are available on Lear's Web Site within the Supplier Information section.
27. **Sales Tax Exemption** - The Purchaser hereby certifies that materials and services purchased on this order and identified as industrial processing are eligible for state and federal sales tax exemption under the Federal identification number indicated on the face of this order.
28. **Work on Purchaser's Premises** - If Seller performs any work on Purchaser's premises or utilizes the property of Purchaser, whether on or off Purchaser's premises, Seller shall indemnify and hold Purchaser harmless from and against any liabilities, claims, demands or expenses (including reasonable attorney fees) for damages to the property of or injuries (including death) to Purchaser, its employees or any other person arising from or in connection with Seller's performance of work or use of Purchaser's property except for such liability claim, or demands arising out of the sole negligence

of Purchaser.

29. **Proprietary Rights** - Seller agrees: (a) to defend, hold harmless and indemnify Purchaser against all claims, demands, losses, suits, damages, liability and expenses (including reasonable attorney fees) arising out of any suit, claim or action for actual or alleged direct or contributory infringement of, or inducement to infringe, any United States or foreign patent, trademark, copyright or industrial design right by reason of the manufacture, use or sale of the goods or services ordered, including infringement arising out of compliance with specifications furnished by Purchaser or for actual or alleged misuse or misappropriation of a trade secret resulting directly or indirectly from Seller's actions; (b) to waive any claim against Purchaser, including any hold-harmless or similar claim, in any way related to a claim asserted against Seller or Purchaser for patent, trademark, copyright or industrial design right infringement or the like, including claims arising out of compliance with specifications furnished by Purchaser; and (c) to grant to Purchaser a worldwide, nonexclusive royalty-free, irrevocable license to repair and have repaired, to reconstruct and have reconstructed, to make or have made the goods ordered hereunder. Seller assigns to Purchaser all right, title and interest in and to all trademarks, copyrights and industrial design rights in any material created for Purchaser under this order. Technical information and data furnished to Purchaser in connection with this order are disclosed on a nonconfidential basis.

(c)(1) All Deliverables provided under this Agreement shall be original to Seller and shall not incorporate any intellectual property rights (including copyright, patent, trade secret, mask work, or trademark rights) of any third party.

(c)(2) Deliverables, and all intellectual property rights in Deliverables, are owned by Purchaser and not by Seller. Deliverables include copyrightable works of original authorship (including but not limited to computer programs, technical specifications, documentation and manuals), ideas, inventions (whether patentable, patented or not), know-how, processes, compilations of information, trademarks and other intellectual property. Seller agrees that all works of original authorship created by Seller in connection with this Agreement are "works made for hire" as that term is used in connection with the U.S. Copyright Act. To the extent that, by operation of law, Seller owns any intellectual property rights in the Deliverables, Seller hereby assigns to Buyer all rights, title and interest, including copyrights and patent rights, in such Deliverables.

(c)(3) Seller shall ensure that any subcontractors to Seller shall have contracts with Seller in writing consistent with the terms of this section.

30. **Subcontracting and Advertising** - Seller shall not subcontract duties of this order without Purchaser's written approval. Seller shall not refer to Purchaser in advertising or public releases without Purchaser's written approval.
31. **Excusable Delay** - Neither Purchaser nor Seller shall be liable for a failure to perform that arises from causes or events beyond its reasonable control and without its fault or negligence, including labor disputes of any kind. During the period of delay or failure to perform by Seller, Purchaser at its option may purchase goods from other sources and reduce this order by such quantities without liability to Seller.
32. **Entire Agreement** - This order, together with the attachments, exhibits or supplements specifically referenced in this order, constitutes the entire agreement between Seller and Purchaser with respect to the matter contained herein and supersedes all prior oral or written representations and agreements. This order may only be modified by a purchase order amendment/alteration.