

Grede Foundries, Inc. ("Buyer") - Product Services Purchase Order Terms and Conditions

1. **ACCEPTANCE:** Seller has read and understands this contract and agrees that Seller's written acceptance or commencement of any of work or services under this contract shall constitute Seller's acceptance of the terms and conditions contained herein. All terms and conditions proposed by Seller which are different from or in addition to this contract are unacceptable to Buyer, are expressly rejected by Buyer, and shall not become part of this contract. Any modification to this contract shall be made in accordance with Paragraph 21.
2. **PAYMENT:** Buyer shall make payments for goods or services based on Net 45 day terms following receipt of goods or completion of services.
3. **ANNUAL VOLUMES:** Unless explicitly stated otherwise on the attached Purchase Order, annual volumes are estimates only and are not a firm commitment for an exact quantity. Actual volumes will depend on market conditions and demand for the products of Buyer's customers, which shall be determined at the sole discretion of the Buyer.
4. **SHIPPING:** Seller agrees; (a) to properly pack, mark and ship goods in accordance with the requirements of Buyer, the involved carriers, and if applicable, the country of destination; (b) to route shipments in accordance with Buyer's instructions; (c) to make no charge for handling, packaging, storage or transportation of goods, unless otherwise stated as an item in this contract; (d) to provide with each shipment packing slips with Buyer's contract and/or release number and date of shipment marked thereon; (e) to properly mark each package with a label /tag according to Buyer's instructions and the customs regulations of the country of import; (f) to promptly forward the original bill of lading or other shipping receipt for each shipment in accordance with Buyer's instructions. Seller will include on bills of lading or other shipping receipts, correct classification identification of the goods shipped in accordance with Buyer's instructions and carrier's requirements. The marks on each package and identification of goods on packing slips, bills of lading and invoices (when required) shall be sufficient to enable Buyer to easily identify the goods purchased.
5. **DELIVERY SCHEDULES:** Time is of the essence, and deliveries or completion of services shall be made both in quantities and at times specified by Buyer via such means as Buyer's schedules, releases, and reports. Buyer shall not be required to make payment for goods delivered to Buyer that are in excess of quantities specified in Buyer's delivery schedules. Buyer may change the rate of scheduled shipments or direct temporary suspension of scheduled shipments or services, neither of which shall entitle Seller to a modification of the price for goods or services covered by this contract. Where quantities and/or delivery schedules are not specified, Seller shall deliver goods or complete services in such quantities and times as Buyer may direct.
6. **PREMIUM SHIPMENTS:** If Seller's acts or omissions result in Seller's failure to meet Buyer's delivery requirements and Buyer requires a more expeditious method of transportation for the goods than the transportation method originally specified by Buyer, Seller shall ship the goods as expeditiously as possible at Seller's sole expense.
7. **CHANGES:** Buyer 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 contract, including work with respect to such matters as inspections, testing or quality control, and Seller agrees to promptly make such changes. Any difference in price or times for 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 changes to this contract shall be made in accordance with Paragraph 21.
8. **NONCONFORMING GOODS:** Seller acknowledges that Buyer has no obligation to perform incoming inspections of the raw materials, goods or of processed castings on which Seller has performed services and waives any rights to require Buyer to conduct such inspections. Any such inspection performed by Seller shall be without obligation to Buyer. Non conforming goods will be held by Buyer in accordance with Seller's instructions at Seller's risk. Seller's failure to provide written instructions within 10 days, or such shorter period as may be commercially reasonable under the circumstances, after notice of nonconformity shall entitle Buyer, at Buyer's option, to charge Seller for storage and handling or to dispose of the material or goods without liability to Seller. Payment for nonconforming goods or services shall not constitute an acceptance of them, limit or impair Buyer's right to assert a legal or equitable remedy, or relieve Seller's responsibility for latent defects. In the case of services rendered on Buyer's product, Seller will be responsible for the full cost of Buyer's product that is determined to be scrap as the result of Seller's nonconforming services unless a quality agreement has been executed between both parties that specify some allowance.
9. **WARRANTY:** Seller warrants/guarantees that the goods and/or services covered by this contract will conform to the specifications, drawings, samples or descriptions furnished to or by Buyer, and will be merchantable, of good material and workmanship and free from defect. In addition, Seller acknowledges that Seller knows of Buyer's intended use and warrants/ guarantees that all goods covered by this contract that have been selected, designed, manufactured, or assembled by Seller, based upon Buyer's stated use will be fit and sufficient for the particular purpose intended by Buyer. The warranty period shall be that provided by applicable law, except that if Buyer offers a longer warranty to its customers, such longer period shall apply. This warranty covers Buyer and Buyer's customer(s) and is in addition to those otherwise provided or implied by law or customarily given by Seller with respect to similar goods.
10. **INGREDIENTS DISCLOSURE AND SPECIAL WARNINGS AND INSTRUCTIONS:** If requested by Buyer, Seller shall promptly furnish to Buyer in such form and detail as Buyer may direct: (a) a list of all ingredients in the goods; (b) the amount of all ingredients; and (c) information concerning any changes in or additions to such ingredients. Prior to and with the shipment of the goods, Seller agrees to furnish to Buyer sufficient warning and notice in writing (including appropriate label on goods, containers and packing) of any hazardous material that is an ingredient or a part of any goods, together with such special handling instructions as may be necessary to advise carriers, Buyer, Buyer's customer(s) and their respective employees of how to exercise that measure of care and precaution that will best prevent bodily injury or property damage in the handling, transportation, processing, use, or disposal of goods, containers and packing material shipped to Buyer. All paints supplied by Seller to Buyer must be in compliance with Buyer's "Restricted Materials" list.
11. **TERMINATION FOR CONVENIENCE:** In addition to any specific rights of Buyer to terminate this contract set forth below, Buyer may, at its option, immediately terminate all or any part of this contract, 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 contract price for all goods and services which have been completed in accordance with this contract and not previously paid for, and (b) the actual costs of work-in-process and raw materials incurred by Seller in furnishing the goods and services under this contract to the extent such costs are reasonable in the amount and are properly allocated or apportioned under generally accepted accounting principles to the terminated portion of this contract; less, 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 shall not be obligated to make payments for finished goods, work-in-process or raw materials fabricated or procured by Seller in amounts in excess of those authorized in delivery releases nor for any undelivered goods which are in Seller's standard stock or which are readily marketable. Payments made under this Paragraph shall not exceed the aggregate price payable by Buyer for finished goods that would be produced by Seller under delivery or release schedules outstanding at the date of termination. Except as provided in this herein, Buyer shall not be liable for

and shall not be required to make payment to Seller, directly or on account of claims by Seller's subcontractors, for loss of anticipated profit, unabsorbed overhead, interest on claims or past due charges from Seller's suppliers, 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 contract. Within 60 days from the effective date of termination, Seller shall submit a termination claim to Buyer, with sufficient supporting data to permit Buyer's audit and shall thereafter promptly furnish such 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.

12. TERMINATION FOR INSOLVENCY: Buyer may immediately terminate this contract without liability to Seller in any of the following or any other comparable events: (a) insolvency of the Seller, (b) filing of voluntary petition in bankruptcy by Seller, (c) filing of any involuntary petition in bankruptcy against Seller, (d) appointment of a receiver or trustee for Seller, or (e) execution of an assignment for the benefit of creditors by Seller, provided that such petition, appointment or assignment is not vacated or nullified within fifteen (15) days of such event. Seller shall indemnify Buyer from all liability, claims, demands, actions, losses, suits, judgments, attorney fees, costs, charges, expenses, and consequences of any liabilities, of any nature incurred by Buyer in connection with or arising out of any of the foregoing.

13. TERMINATION FOR BREACH OR NONPERFORMANCE: Buyer reserves the right to terminate all or any part of this contract, without liability to the Seller, if Seller: (a) repudiates or breaches any of the terms of this contract, including Seller's warranties; (b) fails to perform services or deliver goods as specified by 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.

14. INTELLECTUAL PROPERTY: Seller agrees: (a) to indemnify, defend, and hold Buyer, its successors and customers harmless from and against any and all liability, claims, demands, actions, losses, suits, damages, judgments, attorney fees, costs, charges, expenses, and consequences of any liabilities, of any nature asserted by any person or entity, against Buyer in connection with, or 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, industrial design right, mask work, or other proprietary 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 Buyer, or for actual or alleged misuse or misappropriation of a trade secret, arising in any way in relation to the goods or services, including such claims in which Seller has provided only part of the goods or services ordered; (b) to waive any claim against Buyer under the Uniform Commercial Code or otherwise, including any hold harmless or similar claim, that any such infringement arose out of compliance with Buyer's specifications; (c) that Buyer is hereby granted a worldwide, nonexclusive, royalty free, irrevocable license to repair, and have repaired, to reconstruct and have reconstructed, rebuild and have rebuilt, the goods ordered hereunder; (d) that goods manufactured based on Buyer's drawings and/or specifications may not be used for Seller's own use or sold to third parties without Buyer's express written authorization; and (e) that Buyer is hereby assigned all rights, title, and interest in and to all patents and patentable ideas, trademarks, copyrights, and mask work rights created by Seller in its performance of this contract, and to the extent that copyrightable works are created in connection with Seller's performance of this contract, such works shall be deemed "works made for hire" and shall be the exclusive property of Buyer, but to the extent such works do not qualify as "works for hire," Seller hereby assigns to Buyer all rights, title, and interest in and to such copyrights, including all moral rights therein.

15. BUYER'S/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 ("Buyer's Property") necessary for the production of the goods covered by this contract. The cost of changes to Buyer's Property necessary to make design and specification changes authorized by Buyer shall be paid for by Buyer. Seller shall insure Buyer's Property (castings and tooling) with full fire and extended coverage insurance for its replacement value. Seller is responsible for the full replacement value of Buyer's property (castings and tooling) in the event that it is lost (stolen) or damaged while in the possession of Seller. 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 or if a substantial quantity of like goods are being sold by Seller to others and such sale is not prohibited by this or any other agreement between Buyer and Seller.

16. TECHNICAL INFORMATION DISCLOSED TO BUYER: Seller agrees not to assert any claim (other than a claim for patent infringement) with respect to any technical information that Seller shall have disclosed or may hereafter disclose to Buyer in connection with the goods or services covered by this contract.

17. REMEDIES: The rights and remedies reserved to Buyer in this contract shall be cumulative with, and additional to, all other or further remedies provided in law or equity. Without limiting the foregoing, should any goods fail to conform to the requirements and warranties set forth in this contract, Buyer shall notify Seller and Seller shall, if requested by Buyer, reimburse Buyer for any incidental and consequential costs and damages caused by nonconforming goods, including but not limited to, costs, expenses, attorney fees and losses incurred by Buyer (a) in inspecting, sorting, repairing or replacing such nonconforming goods, (b) resulting from production interruptions; (c) conducting recall campaigns or other corrective service actions, and (d) claims for personal injury (including death) or property damage caused by such nonconforming goods. If requested by Buyer, Seller will enter into a separate agreement for the administration or processing of warranty chargebacks for nonconforming goods. Seller acknowledges, and agrees to be subject to, Buyer's supplier cost recovery rights pursuant to QS 9000 or its replacements, including but not limited to TS 16949, Buyer's procedure, and GP5 in effect from time to time.

18. NO ADVERTISING: Seller shall not, without first obtaining the written consent of Buyer, in any manner disclose to any third party, advertise, or publish the fact that Seller has contracted to furnish Buyer the goods or services covered by this contract, or use any trademarks, service marks, or trade names of Buyer in Seller's advertising or promotional materials.

19. CONFIDENTIALITY: Seller will ensure that the goods, services, and all related information covered by this contract, including but not limited to design and manufacturing information, which Seller receives from Buyer ("Confidential Information") will be kept in strict confidence. Seller will exercise all reasonable precautions to prevent unauthorized disclosure of Confidential Information to any third party. Seller will not use the Confidential Information for any purpose other than for executing the obligations under this contract. This provision will survive cancellation, termination, or expiration of this contract. Seller will, at Buyer's request, employ computer system(s) which will allow compatible electronic information interchange, electronic commerce, and other electronic communications with Buyer's computer systems, including but not limited to manufacturing, engineering, quality and procurement systems. Any access to Buyer's systems given to Seller by Buyer for purposes of such communications will not be shared by Seller with any other person or entity and will be kept in strict confidence by Seller.

20. **RELATIONSHIP OF PARTIES:** Seller and Buyer are independent contracting parties and nothing in this contract 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 of or in the name of the other.

21. **GOVERNING LAW; JURISDICTION:** This contract is to be construed according to the laws of the country (and state/province, if applicable) from which this contract is issued as shown by the address of Buyer without regard to the provisions of the United Nations Convention on Contracts for the International Sale of Goods and any conflict of law principles that would require application of another choice of law, and any action or proceedings by Buyer against Seller may be brought by Buyer in any court(s) having jurisdiction over Seller or, at Buyer's option, in the court(s) having jurisdiction over Buyer's location, in which event Seller consents to jurisdiction and service of process in accordance with applicable procedures. Any such actions or proceedings by Seller against Buyer may be brought by Seller only in the court(s) having jurisdiction over the location of Buyer from which this contract is issued.

22. **MODIFICATION:** This contract may only be modified by a purchase order amendment/alteration issued by Buyer.