

AVON AUTOMOTIVE TERMS AND CONDITIONS OF PURCHASE

The order on reverse side is subject to the following:

1. Modification of Terms. No conditions, terms or provisions inserted by Seller in acknowledging and accepting this order shall be effective unless the same are accepted in writing by Buyer. The failure of Seller to acknowledge this Purchase Order in writing within ten (10) days of the day of receipt thereof, or the commencement of performance required by this offer, shall be conclusive evidence of Seller's approval of and consent to all terms and conditions of purchase herein contained.

2. Terms. As stated on reverse side, Seller's invoice is not payable until shipment inspected and accepted by Buyer. In the event Buyer makes payment of invoice within the period allowed for the purpose of obtaining cash discount offered, such payment shall not prejudice the right of Buyer to return articles found defective or which fail inspection and receive credit or reimbursement from Seller.

Individual invoices showing order number and purchase item number, must be issued against this order.

Buyer reserves right to return all invoices submitted incorrectly, and Purchase Order terms shall be determined as of date latest correct invoice received.

Shipping container must be labeled or marked to identify contents without opening and contain packing slips listing contents.

Buyer's Purchase Order number must appear on all packing slips, delivery tickets, and bills of lading, issued in connection with such Order and must be marked "partial" or "complete" for each delivered item.

3. Prices and delivery. Invoices showing higher cost than printed on the order will be subject to a charge-back for difference. Price changes must be approved by the Buyer in writing. Buyer is to receive the benefits of any price decreases up to the specified date of shipment. Unless otherwise specified, prices include Seller's costs of delivery to F.O.B. destination. Title and risk of loss of material or equipment shall pass to Buyer at F.O.B. Destination point.

4. Advance Manufacture and Shipments. Seller shall not manufacture in advance of Seller's normal flow time or deliver any material in advance of the schedule set forth in this order without Buyer's written permission.

5. Inspection and Audit. All articles furnished under this Purchase Order are subject to inspection and acceptance within thirty (30) days of delivery at Buyer's plant, notwithstanding any payments or other prior inspection. Lots of articles furnished under this Purchase Order shall be defect free. If defects are present, lots may be 100% inspected by Buyer at Seller's expense. At Buyer's option, defective articles or entire lots may be returned at Seller's expense (including packaging and shipping) for sorting, correction, replacement or credit as Buyer elects. In the event Buyer rejects any shipment of goods Buyer may elect to accept only a part thereof and return the balance of shipment.

Seller agrees that its plant, or such parts as may be engaged in the performance of the Order shall be subject to inspection by buyer, Buyer's customers and their authorized representatives during normal business hours.

6. General Warranty and Indemnification. Seller expressly warrants that all articles to be delivered under this Purchase Order will be free from defects of material and workmanship and will conform to applicable drawings, specifications, samples or other written descriptions given under this Order, whether or not attached hereto, and to the extent the subject articles are not manufactured pursuant to design originated by Buyer, Seller warrants that same are free of any defect in design. This warranty shall run to Buyer and its successors for the article furnished under this Order. In connection with such articles, Seller shall defend any product liability claim or suit against Buyer or its customers and shall indemnify and save harmless Buyer and its customers from and against any and all damages, expenses and judgments which Buyer or its customers may suffer, incur or sustain as a result thereof.

7. Subcontracts. Except for the articles proprietary to Seller, no subcontracts hereunder shall be made by Seller herein with any other party for furnishing any of the completed or substantially completed articles or spare parts of work herein contracted for, without the prior written consent of Buyer.

8. Patent Protection. To the extent the subject articles are not manufactured pursuant to the design originated by Buyer, Seller agrees to indemnify Buyer and its customers against all loss including judgments, decrees, and costs, including attorney fees, arising from claims (by suit or otherwise) of patent and/or trademark infringement resulting from Buyer's or its customer's use or sale of products supplied by Seller under this Order.

9. Engineering Information. Seller agrees that all drawings, specifications, samples and/or written disclosures forming a part of this Order, either by reference or otherwise, are the property of Buyer and may contain trade secrets. This information is submitted in confidence with the understanding and agreement by Seller that such drawings, specifications, samples, and/or written disclosures so marked shall not be utilized, in whole or in part, by Seller, either for itself or by it on behalf of any other person, firm or corporation without written permission of Buyer.

10. Packaging. All items shall be packed by Seller in suitable containers for protection to permit safe transportation and handling. No charge shall be made by Seller for packaging unless provided for on reverse side.

11. Assignment and Delegation. Seller may not assign any right or interest or delegate any obligation or performance under this Order without prior written consent of Buyer. Claims for monies due or to become due under this Order may be assigned by Seller provided Seller shall supply Buyer promptly with two copies of any such assignment. Payment to an assignee of any such claim shall be subject to set off or recoupment for any present or future claim or claims which Buyer may have against Seller. Buyer reserves the right to make direct settlements and/or adjustments in price with Seller under the terms of this order, notwithstanding any assignment of claims for monies due or to become due hereunder and without notice to the assignee.

12. Changes. Buyer may, at any time and from time to time, by Purchase Order amendment issued to Seller, a) make changes in shipping and packing instructions; b) increase or decrease the quantity of products ordered; c) change the drawings, designs or specifications; d) issue a suspension of work order; e) make changes in the delivery schedule. If such changes cause an increase or decrease in the amount of work hereunder or in the cost of performance, or in the time required for performance, an equitable adjustment shall be made in the contract price and/or the delivery schedule and the purchase order shall be amended in writing accordingly. Any claims for adjustment under this cause must be asserted within sixty (60) days from the date of the purchase order amendment. Failure of Seller to make written notice thereof shall, upon expiration of the sixtieth (60th) day, be construed as a waiver for any such adjustment. All articles covered hereunder shall be manufactured in accordance with this purchase order unless a change thereto is subsequently authorized by a written Purchase Order Amendment issued by Buyer.

13. Termination. Buyer may terminate work under this purchase order in whole or in part at any time by notice to Seller in writing. Seller will thereupon immediately stop work on this purchase order or the terminated portion whereof and notify its subcontractors to do likewise. Except where such termination is caused by a default or delay of Seller, Seller shall be entitled to reimbursement for its actual costs incurred up to and including the date of termination, applicable to the termination and in accordance with the recognized accounting practices. Seller shall also be entitled to a reasonable profit on the work done prior to such termination at a rate not exceeding the rate used in establishing the original purchase price. The total of such claim shall not exceed the canceled commitment value of this purchase order. Termination claim shall be subject to inspection and Audit provisions of clause 5 above.

14. Termination for Default. Buyer may terminate without liability this Purchase Order, or any part thereof, by written or telegraphic notice of default to Seller signed by Buyer under any of the following circumstances:

A. If Seller refuses or fails to make deliveries or perform the service within the time specified or extensions thereof agreed to in writing by Buyer.

B. If Seller fails to comply with any of the other provisions of this purchase order, or so fails to make progress as to endanger performance of this purchase order in accordance with its terms, and does not cure any such failure within a period of ten (10) days (or such longer period as Buyer may authorize by written notice signed by Buyer) after receipt of notice from Buyer specifying such failure.

C. If Seller becomes insolvent or is subject to proceedings under any law relating to bankruptcy, insolvency, or the relief of debtors.

In the event of such termination, Buyer shall be free to purchase similar supplies elsewhere or secure the manufacture and delivery of such supplies by contract or otherwise, and Seller shall be liable to Buyer for any excess cost to Buyer, provided, however, Seller shall not be liable to Buyer for such excess cost when the default of Seller is due to causes beyond its control, i.e., Acts of God, strikes, National Emergency, etc. provided further, Seller shall not be excused from liability unless Seller has notified Buyer in writing of the existence of such cause within ten (10) days from the beginning thereof.

15. State Law and Jurisdiction. This purchase order shall be governed by the laws of the State of Michigan. By acknowledging and accepting this purchase order, Seller acknowledges that it is transacting business at Buyer's principal place of business in Cadillac, Michigan. Any legal action arising out of the terms of the purchase order shall be brought in the State of Michigan and in the County of Wexford.

16. Waiver. The waiver by Buyer of any term, provision, or condition hereunder must be in writing and shall not be construed to a waiver of any other term, condition, or provision hereof, nor shall such waiver be deemed a waiver of a subsequent breach of the same condition or provision of this order or on future orders.

17. Taxes. Buyer shall not be liable for any Federal, State, or Local taxes unless separately stated on the Purchase Order.

18. Occupational Safety and Health. Seller agrees that all goods and services furnished to Buyer hereunder will comply with all applicable laws and governmental regulations relating to the occupational safety and health of employees, specifically including the Federal Occupational Safety and Health Act and the Michigan Occupational Safety and Health Act and rules, regulations, standards or orders issued thereunder in effect as of the date of the order. Seller agrees upon request to furnish to Buyer any and all information regarding the ingredients of goods sold or furnished to Buyer hereunder and to comply with any other reasonable request of Buyer made in connection with the application of any Occupational Safety and Health Act requirement to Buyer, its employees and property. Seller also represents that materials used in part manufacture satisfy known current governmental and safety constraints on restricted toxic and hazardous materials applicable in the country of manufacture and sale.

19. Fair Labor Standards Act. Seller represents and warrants that all products and services will be manufactured or furnished by Seller in accordance with all applicable standards, provisions, and stipulations of the Federal Fair Labor Standards Act as amended. Seller also certifies that these goods were produced in compliance with all applicable requirements of § 6,7 and 12 of the Fair Labor Standards Act, as amended, and of regulations and orders of the U.S. Department of Labor issued under § 14, thereof.

20. Product Contents and Labeling. In the event that any articles listed on this purchase order are in a misbranded package within the meaning of the Federal Hazardous Substances Act, the Federal Food, Drug and Cosmetic Act, the Federal Insecticide, Fungicide and Rodenticide Act, or the Federal Fair Packaging and Labeling Act, the Poison Prevention Packaging Act of 1970, as amended, or any other federal, state or municipal law, ordinance or regulation, the Seller agrees to pay all cost of relabeling and such other costs as are necessary so that the article will fully comply with the applicable federal, state or municipal laws or regulations. Seller agrees to furnish buyer an analysis of the contents and/or characteristic of the product sold pursuant to this purchase order.

21. Release of Buyer's Name. Seller shall not, under any circumstances, divulge or release Buyer's name as being a customer of Seller to any person, association, corporation, or governmental agency without prior written authority from Buyer.

22. Hazardous Materials. In the event any ingredient and/or materials used by Seller in the manufacture or fabrication of Buyer's products are declared by any governmental agency to be unsafe or unfit for the use contemplated, Seller shall notify Buyer, and Seller shall immediately cease and desist from the further use of such ingredients or materials, and Buyer shall be released from any further obligations hereunder. Seller shall furnish to Buyer copies of all documents issued by such governmental agency imposing any requirement or restriction upon Seller together with responses by Seller showing compliance or non-compliance. Seller shall resume production of products for Buyer only after written notice to Buyer that substitute materials of like quality have been approved by such governmental agency and Buyer has approved in writing the resumption of productions by Seller.

23. Insurance. If Seller performs labor or services within the plant or on premises of Buyer, Worker's Compensation plus liability insurance certificate must be submitted to and approved by Buyer before such labor or service begins.

24. Entire Agreement. This Agreement constitutes the entire contract of sale and purchase of the goods named herein. No modification hereof shall be of any force or effect unless in writing and signed by the party claimed to be bound thereby, and no modification shall be effected by the acknowledgment or acceptance of purchase order forms stipulating different conditions.