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

1. **Offer, Acceptance and Notification** - Each Purchase Order (including, without limit, any order to which these Conditions are attached) is an offer to Supplier by Purchaser to enter into a contract with Purchaser in relation to the subject matter of the Purchase Order on the terms contained in these Conditions) and it shall be the complete and exclusive statement of such agreement in the absence of an agreement in writing signed by an authorized representative of Purchaser. Supplier's acceptance of the offer may be given in writing or by Supplier beginning work in relation to the Purchase Order. Acceptance is expressly limited to the terms of Purchaser's offer. Any additions or modifications proposed by Supplier are expressly rejected by Purchaser and are not part of the agreement in the absence of an agreement in writing signed by an authorized representative of Purchaser. In particular, these Conditions and any other attachments to these Conditions which are specifically referred to in these Conditions shall apply to the exclusion of any other terms and conditions on which any quotation has been given to Purchaser or subject to which the Purchase Order is accepted or purported to be accepted by Supplier.

2. **Supply Specification and Competence** - The parts supplied by the Supplier shall be of the quality and description set out in the Specification and shall be of satisfactory quality, free from defects, fit and safe for use and fit for the particular purpose intended, in addition to conforming in every respect as to quantity, quality and Specification. The Supplier shall bear full responsibility for any and all costs associated with the Supplier acquiring and incorporating internal and external components into the parts. In addition to the warranties set out in the remainder of these Conditions, the Supplier warrants and undertakes to Purchaser that each part shall continue to meet the Specification and be fit for its purpose:
   (a) for a period of four years from the date in which the vehicle in which the part is incorporated (whether by Purchaser or any third party) commences service; or
   (b) for that period for which the Purchaser's customer warrants or guarantees to a third party the vehicle in which the part is incorporated;

   whichever may be the longer.

   In addition to any other warranties, the Supplier warrants to Purchaser that the Parts will be manufactured by appropriately qualified and trained personnel with due care and diligence and to such high standard of quality as it is reasonable for Purchaser to expect in all circumstances.

   Purchaser shall not be obliged to return to Supplier any packaging or packaging material for any parts whether or not any parts are accepted by Purchaser.

3. **Delivery Schedules** - Deliveries shall be made both in quantities and at times specified herein or communicated to Supplier by or on behalf of Purchaser which communication may be by any means including without limit written, oral or electronic. Time and quantity of delivery are of the essence of each Purchase Order. Supplier shall adhere to shipping directions specified by Purchaser. Purchaser shall not be required to accept or make payment for goods delivered to Purchaser which are in excess of or in advance of Purchaser's requirements] and Purchaser accepts no liability for any such goods or parts. Purchaser may change the rate of scheduled shipments or direct temporary suspension of scheduled shipments, neither of which shall entitle Supplier to a modification of the price of goods or services covered by the Purchase Order.

   Without prejudice to any other remedy, if any parts are not supplied in accordance with the Purchase Order, Purchaser shall be entitled:

   (a) to require the Supplier to immediately supply replacement parts which do conform; or

   (b) at Purchaser's sole option, and whether or not Purchaser has previously required the Supplier to supply any replacement parts, to treat the Purchase Order as discharged by the Supplier's breach and require the repayment of any part of the Price which has been paid, in respect of the Purchase Order concerned.

   The Supplier agrees to indemnify and keep indemnified and hold harmless Purchaser in respect of any additional costs which it may incur in order to enable delayed deliveries from the Supplier to be reworked by Purchaser and to reach Purchaser 's own customers in time for Purchaser to comply with its delivery duties. The Supplier shall notify Purchaser as soon as it has any reasonable doubt as to whether any delivery dates specified by Purchaser can be met.

4. **Premium Shipments** - Premium shipping expenses and/or other related expenses necessary to meet any delivery schedule required by Purchaser shall be Supplier's sole responsibility.

5. **Risk of Loss and Transfer of Title**- Notwithstanding any agreement concerning payment of freight expenses, the risk of damage or loss shall not pass to Purchaser until the goods or tooling or equipment have been delivered to Purchaser's applicable facility and have been accepted at that facility by Purchaser.
   Title in parts shall pass to Purchaser upon the earlier of (i) delivery and (ii) payment by Purchaser for such parts.

6. **Insolvency** - Purchaser may immediately terminate a Purchase Order and any ongoing contract without liability to Supplier by giving notice to Supplier in the event of the happening of any of the following or any other similar or comparable event: (i) Supplier has a bankruptcy order made against it; (ii) Supplier makes any voluntary arrangement with its creditors or otherwise takes the benefit of any legislative provision for the time being in force for the relief of insolvent debtors; (iii) Supplier convenes a meeting of creditors (whether formal or informal); (iv) Supplier enters into liquidation (whether voluntary or compulsory) or becomes subject to an administration order; (v) an encumbrancer takes possession or Supplier has a receiver, and/or manager, administrator or administrative receiver appointed of its undertaking or assets or any part thereof; (vi) a resolution is passed or a petition presented to any court for the winding up of the Supplier or for the granting of an administration order in respect of the Supplier; (vii) any proceedings are commenced relating to the insolvency or possible insolvency of the Supplier; (viii) Supplier ceases or threatens to cease to carry on its business; (ix) distress or execution is levied against any property of Supplier or has been levied within the previous six months; (x) Supplier is subject to any other similar event or proceeding to those set out in this Condition 6 whether within Sweden or elsewhere; or (xi) Purchaser reasonably suspects that any of the events referred to in this Condition 6 is likely to occur in relation to Supplier.

7. **Termination For Breach** - Purchaser may immediately terminate a Purchase Order and any ongoing contract without liability to Supplier by giving notice to Supplier if Supplier: (i) repudiates, breaches or threatens to breach any of the terms of the Purchase Order or relevant Conditions or any of its obligations (including without limitation Supplier's warranties); (ii) fails to perform services or deliver goods as specified by Purchaser or such goods or services prove to be defective; (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 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; (iv) quality of service has deteriorated or the Parts do not comply with the Specifications; (v) does not make deliveries that meet Purchaser's production requirements as notified to the Supplier; (vi) becomes uncompetitive with state of the art raw materials, manufacturing processes and/or products; or (vii) undergoes a change of control as referred to in Condition 10 or if Purchaser terminates for breach any other Purchase Order issued by Purchaser to Supplier in accordance with the terms of such other Purchase Order (whether or not such other Purchase Order is related to this order).

8. **Termination for Convenience** - In addition to any other rights of Purchaser to terminate the Purchase Order, Purchaser may at its option, immediately terminate all or any part of any

Purchase Order at any time and for any reason by giving written notice to Supplier.

9. **Effect of Termination** –

A. Upon receipt of notice of termination pursuant to Conditions 6, 7 or 8, Supplier, unless otherwise directed in writing by Purchaser, shall (i) terminate immediately all work under the relevant Purchase Order (to the extent, if any, specified in the termination notice); (ii) transfer title and deliver to Purchaser the finished work, the work-in-process, and the Tooling, parts and materials (including without limitation raw materials) which Supplier produced or acquired and which Purchaser requests; (iii) settle all claims by subcontractors, if any, for reasonable actual costs that are rendered unrecoverable by such termination; (iv) take actions reasonably necessary or as Purchaser may direct to protect property in Supplier's possession or contractual rights in either case being those in which Purchaser has an interest and (v) upon Purchaser's request, cooperate with Purchaser in effecting the resourcing of Supplier's goods and/or services covered by the Purchase Order to a different supplier designated by Purchaser. Purchaser shall have the right at any time after termination to inspect and/or take possession of all unused raw materials, finished work, work in process or Tooling in the possession of Supplier.

B. Upon termination by Purchaser under Condition 8, Purchaser shall pay to Supplier the following amounts without duplication: (i) the Purchase Order price for all finished work and completed services which conform to the requirements of the Purchase Order and not previously paid for; (ii) Supplier's reasonable actual cost of the work-in-process and parts and materials transferred to Purchaser in accordance with subsection (A) (ii) hereof; (iii) Supplier's reasonable actual cost of settling the claims of the obligation Supplier would have had to any subcontractors in the absence of termination, and (iv) Supplier's reasonable actual cost of carrying out its obligations under subsection (A)(iv) and (v). Purchaser shall not be liable for and shall not be required to make payments to Supplier, directly or on account of claims by Supplier's subcontractors, for any other alleged losses or costs, whether denominated as loss of anticipated profit, unabsorbed overhead, interest on claims, product development and engineering costs, facilities and equipment rearrangement costs or rental, unamortized depreciation costs, general and administrative burden charges resulting from termination of the Purchase Order or otherwise. Notwithstanding anything herein to the contrary, Purchaser's obligation to Supplier upon termination shall not exceed the obligation Purchaser would have had to Supplier in the absence of termination.

C. Within twenty (20) days after the effective date of termination under Condition 8, Supplier shall furnish to Purchaser its termination claim which shall consist exclusively of the items of Purchaser's obligation to Supplier that are listed in subsection (B), together with all supporting data. Purchaser may audit Supplier's records before or after payment to verify amounts requested in Supplier's termination claim.

10. **Assignment** - Each Purchase Order and the underlying contract is personal to Supplier and Supplier shall not assign or delegate or subcontract or otherwise transfer or purport to assign, delegate or subcontract any of its substantive duties or performance under this Purchase Order or the underlying contract without the prior written consent of Purchaser. Any sale or other transfer of stock or other securities of Supplier that would result in a change in control of Supplier, shall be deemed an assignment under the Purchase Order which shall require the prior written consent of Purchaser or which, if not so consented to by Purchaser, shall give Purchaser a right to terminate the Purchase Order and the underlying contract in accordance with Condition 7.. Supplier may assign its claims for money under the Purchase Order but Purchaser shall not be required to pay the assignee until Purchaser receives written notice of the assignment, a true copy of the assignment and a release from Supplier. Any such assignment shall not prohibit Purchaser from enforcing its rights against Supplier or the assignee. Purchaser may freely assign to any third party its rights and obligations under the Purchase Order.

11. **Changes** - Purchaser reserves the right at any time to direct changes, or cause Supplier to make changes, to the design (including drawings and specifications) processing, methods of packing and shipping and the date or place of delivery of the goods covered by the Purchase Order or to otherwise change the scope of the work covered by the Purchase Order including work with respect to such matters as inspection, testing or quality control, and Supplier agrees to promptly make such changes. Any such changes shall be deemed not to affect the time for performance or cost unless Purchaser notifies Supplier otherwise in writing. Supplier shall consider and advise Purchaser of the impact of a design change on the system in which the product covered by the Purchase Order is used. Nothing in this Section 11 shall excuse Supplier from proceeding with the Purchase Order as changed.

Without Purchaser's prior written approval, Supplier shall not change (i) any third party supplier to Supplier of services, raw materials or goods used by Supplier in connection with its performance under the Purchase Order, (ii) the facility from which Supplier or such supplier operates, or (iii) the nature, type or quality of any services, raw materials or goods used by Supplier or its suppliers in connection with the Purchase Order.

12. **Bailed Property** -

A. All supplies, materials, molds, machinery, equipment, patterns, tools, dies, jigs, fixtures, blueprints, designs, specifications, drawings, photographic negatives and positives, art work, copy layout, consigned material for production or repair and other items furnished by Purchaser, either directly or indirectly, to Supplier to perform the Purchase Order (collectively and separately, "Bailed Property"), shall be and remain the property of Purchaser and be held by Supplier on a bailment basis. Supplier shall bear the risk of loss of and damage to the Bailed Property and Supplier at its own expense shall keep such Bailed Property insured for the benefit of Purchaser. The Bailed Property shall at all times be properly housed and maintained by Supplier; shall not be used by Supplier for any purpose other than the performance of the Purchase Order; shall be conspicuously marked by the Supplier to identify it as the property of the Purchaser and indicate the Purchaser's name; shall not be co-mingled with the property of Supplier or with that of a third person and shall not be moved from Supplier's premises without Purchaser's prior written approval, at its expense, shall maintain, repair and refurbish Bailed Property in first class condition. All replacement parts, additions, improvements and accessories for such Bailed Property shall automatically become Purchaser's property upon their incorporation into or attachment to the Bailed Property.

B. Supplier agrees that Purchaser has the right, at any time, with or without reason and without payment of any kind to retake possession of or request return of any or all Bailed Property. Upon the request of Purchaser, the Bailed Property shall be immediately released to Purchaser or delivered to Purchaser by Supplier, either (i) at Supplier's plant, properly packaged and marked in accordance with the requirements of the carrier selected by Purchaser to transport such property, or (ii) to any location designated by Purchaser, in which event Purchaser shall pay to Supplier the reasonable cost of delivering such Bailed Property to such location. Purchaser shall have the right to enter onto Supplier's premises at all reasonable times to inspect the Bailed Property and Supplier's records with respect thereto. When permitted by law, Supplier waives any lien or other rights that Supplier might otherwise have on any of the Bailed Property for work performed on such property or otherwise.

C. Supplier acknowledges and agrees that (i) Supplier has inspected the Bailed Property and is satisfied that the Bailed Property is suitable and fit for its purposes, and (ii) PURCHASER HAS NOT MADE AND DOES NOT MAKE ANY WARRANTY OR REPRESENTATION WHATSOEVER, EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS, CONDITION, MERCHANTABILITY, DESIGN OR OPERATION OF THE BAILED PROPERTY OR ITS

FITNESS FOR ANY PARTICULAR PURPOSE. Purchaser will not be liable to Supplier for any loss, damage, injury or expense of any kind or nature caused by or attributable to, directly or indirectly,–the Bailed Property, including, without limitation, the use or maintenance thereof, or the repair, service or adjustment thereof, or by any interruption of service or for any loss of business whatsoever or howsoever caused, including, without limitation any economic loss, loss of profits, depletion of goodwill or any other indirect, special or consequential loss or damages.

D. Supplier shall indemnify and keep indemnified Purchaser against any loss, damage or deterioration to the Bailed Property or its components whilst it is in the possession of Supplier or under its control.

13. **Supplier's Property** - Supplier hereby grants Purchaser an irrevocable option to purchase, free and clear of all liens, claims and other encumbrances, any or all of Supplier's supplies, materials, molds, machinery, equipment, patterns, tools, dies, jigs, fixtures, blueprints, designs, specifications, drawings, photographic negatives and positives, art work, copy layout and other items necessary for the production of the products or provision of the services under the Purchase Order (collectively and separately, "Supplier's Property") that are specially designed or configured for manufacture or assembly of products or provision of services under the Purchase Order upon Purchaser's payment of the unamortized portion (as recorded in the books of Supplier) of the cost of such items of Supplier's Property, less any amounts Purchaser previously has paid to Supplier for the cost of such Supplier's Property. Supplier shall permit Purchaser to audit Supplier's records to verify the amount due for any of Supplier's Property. This option will not apply to any of Supplier's Property that is used by Supplier to produce a substantial quantity of like products for other customers of Supplier which cannot readily be obtained by Supplier's customer(s) from third parties unless, at Purchaser's election upon exercise of the option, Supplier assigns to Purchaser and Purchaser assumes Supplier's obligation to produce such products for Supplier's other customers using those items of Supplier's Property during the period subsequent to the sale of the Supplier's Property to Purchaser. Supplier shall cooperate with Purchaser's reasonable requests for information regarding any such obligation to Supplier's other customer(s) and to effect such assignment and assumption. Purchaser's right to exercise the option under this Condition 13 is not conditional on a breach by Supplier or Purchaser's termination of the Purchase Order.

14. **Inspection** - Purchaser shall have the right to enter any facility of Supplier at reasonable times to inspect the facility, goods, materials and any property of Purchaser covered by the Purchase 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.

15. **Subcontracted Product** - Supplier shall not subcontract any of its duties under the Purchase Order without Purchaser's prior written approval. Purchaser or Purchaser's representative shall be afforded the right to verify at any subcontractor's premises and Supplier's premises that subcontracted product conforms to specified requirements at any time before or after a subcontractor is approved (or not approved) by Purchaser. Such verification shall not be used by Supplier as evidence of effective control by Purchaser of quality by the subcontractor. Verification by Purchaser shall not absolve Supplier of the responsibility to provide acceptable product or services nor shall it preclude subsequent rejection by Purchaser. Notwithstanding the foregoing, Supplier remains fully liable for any work subcontracted.

    If Purchaser approves Supplier's subcontracting of any of the work under the Purchase Order, Supplier will ensure that the subcontractor agrees to be bound by the terms and conditions of the Purchase Order.

16. **Nonconforming Goods** - Purchaser, at its option, may reject and return at Supplier's risk and expense, or retain and correct, goods received pursuant to the Purchase Order that fail to conform to the requirements of the Purchase Order or of the Purchaser even if the nonconformity does not become apparent to Purchaser until the manufacturing or processing stage or subsequently. To the extent Purchaser rejects goods as nonconforming, the quantities under the Purchase Order will not be reduced by the quantity of nonconforming goods unless Purchaser otherwise notifies Supplier in writing. Supplier will replace nonconforming goods with conforming goods unless otherwise notified in writing by Purchaser. Nonconforming goods will be held by Purchaser for disposition in accordance with Supplier's written instructions at Supplier's risk. Supplier'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 Supplier for storage and handling, or to dispose of the goods without liability to Supplier. Supplier shall reimburse Purchaser for (a) any amounts paid by Purchaser on account of the purchase price of any returned nonconforming goods, and (b) any costs incurred by Purchaser in connection with the nonconforming goods, including, 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 by Purchaser for nonconforming goods shall not constitute an acceptance hereof, limit or impair Purchaser's right to assert any legal or equitable remedy, or relieve Supplier's responsibility for latent defects.

    In addition to any sums due to Purchaser in relation to defective products as a result of the operation of any other part of these Conditions the Supplier shall pay to Purchaser:

    (a) in the event of a recall of products containing parts due to a defect in those parts, 10% of the service price of the product recalled to cover Purchaser's administration expenses; and

    (b) in the event of late delivery by the Supplier or delivery by the Supplier of parts which do not meet the Specification, the sum of Euro[ ]per hour per assembly line employee idled as a result and for lost profits suffered by Purchaser as a result.

17. **Warranty** – Supplier expressly warrants that all goods and services covered by the Purchase Order (including without limitation any internal and/or external components incorporated into the goods by Supplier):

    (a) shall conform to the specifications, drawings, samples or descriptions furnished to or by Purchaser and/or Swedish industry standards in force at the time of delivery and shall be safe and durable, and

    (b) shall conform to all laws and regulations in force at the time of delivery in countries where products or vehicles equipped with such products are to be sold, and

    (c) shall be of satisfactory quality and fit for the purpose for which goods of the kind are commonly supplied, and

    (d) shall be of good material and workmanship and free from defects, and

    (e) shall comply with QS9000 requirements. In addition, Supplier acknowledges that Supplier knows of Purchaser's intended use and expressly warrants that all goods covered by the Purchase Order will be fit and sufficient for the particular purpose intended by Purchaser.

    Such warranty will be effective for the longer of (i) the period provided by applicable law, or (ii) the warranty period provided by Purchaser to its customers; provided, however, in the case of any recall campaign or other customer satisfaction or corrective service action undertaken by Purchaser or its customers, the warranty shall continue for such time period as may be dictated by Purchaser's customer or by any legal or regulatory requirement that is applicable in the state or country where the goods are used or the services provided.

    The warranty period for non-production goods shall be the longer of one (1) year after final acceptance by Purchaser or the period stated in Supplier's sales materials.In the event of any breach of warranty contained in these Conditions:

(a) the Supplier shall not be entitled to reject any claim arising within the period on the basis that notice of such claim was given outside of any specific period; and
(b) the provisions of these Conditions shall apply to any parts so replaced or repaired and shall be effective from the date of such repair or replacement.

18. **Indemnification**-

A. Supplier hereby covenants and agrees to indemnify and hold Purchaser, its directors, officers and employees harmless from any claims, liabilities, damages (including special, consequential, punitive and exemplary damages), costs and expenses (including reasonable legal fees) incurred in connection with:

(i) any claims (including lawsuits, administrative claims, regulatory actions and other proceedings to recover for personal injury or death, property damage or economic losses) that are related in any way to or arise in any way from Supplier's representations, performance of obligations under the Purchase Order, including claims based on Supplier's breach or alleged breach of warranty (whether or not Supplier's goods or services have been incorporated into Purchaser's products and/or resold by Purchaser) or of any of the Conditions, and
(ii) claims for any violation of any applicable law, ordinance or regulation or government authorization or order; and

(iii) claims relating to any act or omission of Supplier or its employees, agents or subcontractors in supplying, delivering and (where appropriate) installing any parts; and

(iv) claims arising from Supplier delivering parts after the due date for delivery or failing to deliver them at all.

Supplier's obligation to indemnify under this Section will apply regardless of whether the claim arises in tort, negligence, contract, warranty, strict liability or otherwise, except to the extent of any such liability arising solely out of the negligence of Purchaser.

B. Supplier hereby covenants and agrees to indemnify and hold Purchaser, its directors, officers and employees harmless from any claims, liabilities, damages (including special, consequential, punitive and exemplary damages), costs and expenses (including reasonable legal fees) incurred as a result of any injury to any person or damage to any property caused directly or indirectly by the parts as a result of an inherent fault or by reason of faulty design materials or workmanship or as a result of any breach by Supplier of any statutory duty laid upon the manufacturers or suppliers of any article for use at work or if Supplier or any agent or servant of Supplier causes or suffers any injury or damage on the premises of Purchaser in performance of the Purchase Order or any other loss or delay, direct or indirect, whether arising out of contract or negligence caused by Supplier.

C. If Supplier performs any work on Purchaser's premises or utilizes the property of Purchaser, whether on or off Purchaser's premises, Supplier shall indemnify and hold Purchaser, its directors, officers and employees harmless from and against any liabilities, claims, demands or expenses (including reasonable legal 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 Supplier's performance of work or use of Purchaser's property except to the extent of any such liability, claim or demand arising solely out of the negligence of Purchaser.

19. **Insurance** - Supplier shall obtain and maintain at its sole expense insurance coverage as reasonably requested by Purchaser with such insurance carriers and in such amounts as are reasonably acceptable to Purchaser. Supplier shall furnish to Purchaser certificates of insurance setting forth the amount of coverage, policy number and date(s) of expiration for insurance maintained by Supplier and such certificates must 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.

20. **Compliance** – Supplier agrees to comply with all applicable laws, Executive Orders, rules, regulations and ordinances which may be applicable to Supplier's performance of its obligations under the Purchase Order. 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 suppliers must be in compliance with QS9000, Section I or its successor.

21. **Production Part Approval Requirements** - With respect to orders for production parts, Supplier agrees to meet the full requirements identified in the industry production part approval process manual and agrees to present this information and data relating thereto to Purchaser upon request, regardless of the authorized submission level at Level No. 3 unless otherwise authorized in writing by Purchaser.

22. **Parts Identification** - All goods supplied pursuant to the Purchase Order which are ordered or supplied as a completed part shall permanently bear the Purchaser's part number and name or code name, Supplier's name or code name, and date of manufacture by Supplier.

23. **Shipping** –

A. Supplier agrees (i) to properly pack, mark and ship goods in accordance with the requirements of Purchaser and QS9000 and the involved carrier in a manner to secure the lowest transportation cost; (ii) to route shipment in accordance with Purchaser's instructions; (iii) to make no charge for handling, packaging, storage, transportation (including duties, taxes, fees, etc.) or drayage of goods unless otherwise stated in the Purchase Order; (iv) to provide with each shipment papers showing the order number, amendment or release number, Purchaser's part number, Supplier's part number where applicable, quantity of pieces in shipment, number of cartons or containers in shipment, Supplier's name and vendor number and the bill of lading number; and (v) to promptly forward the 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.

B. For goods that may contain potentially hazardous and/or restricted materials, if requested by Purchaser, Supplier shall promptly furnish to Purchaser in whatever form and detail Purchaser requests (i) a list of all potentially hazardous ingredients in the goods, (ii) the quantity of one or more such ingredients, and (iii) information concerning any changes in or additions to such ingredients. Before shipping the goods, Supplier agrees to furnish to Purchaser sufficient warning and notice in writing (including appropriate labels on the goods, containers and packing) of any hazardous material that is an ingredient or a part of any of the goods, together with such special handling instructions necessary to advise the involved carriers, Purchaser, and their respective employees 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 the goods, containers and packing shipped to Purchaser. Supplier shall comply with all applicable laws and regulations pertaining thereto. If products are shipped by Supplier to European destinations, before shipments are made, Supplier shall notify Purchaser of the “Classification of Dangerous Goods” as required by the European Agreement concerning the “International Carriage of Dangerous Goods”.

24. **Invoices and Pricing** - The price per part shall be as stated on the Purchase Order and, unless otherwise stated, shall be:

(i) exclusive of any applicable value added tax (which shall be payable by Purchaser); and

(ii) inclusive of all applicable logistic charges including packaging, palletisation, packing, shipping, carriage, insurance and delivery of the parts to the delivery address and any duties, levies or taxes imposed (other than as

referred to in (i) above), save that the Supplier shall be responsible for the payment of any extraordinary shipping and/or other delivery expenses which are not included in the price and which are necessary to meet the delivery dates and times specified in the Purchase Order.

No increase in the price per part may be made by the Supplier (whether on account of increased material, labour or transport costs, fluctuation in rates of exchange or otherwise) without the prior consent of Purchaser in writing.

Purchaser shall be entitled to at least the same discount for prompt payment, bulk purchase or volume of purchase customarily granted by the Supplier, whether or not shown on the Supplier's own terms and conditions of sale.

No invoice is to be dated or submitted by the Supplier prior to the date of delivery of the parts to Purchaser or, in the case where the parts are to remain in the Suppliers possession (e.g. Tooling) prior to the date when the Tooling is approved by Purchaser pursuant to QS9000.

Purchaser shall pay all amounts properly invoiced in accordance with the Purchase Order within three months of the date of the invoice unless agreed otherwise with an authorised representative of Purchaser.

All invoices and/or advanced shipping notices ("ASN") for material shipped pursuant to the Purchase Order must reference the order number, amendment or release number, Purchaser's part number, Supplier's part number where applicable, quantity of pieces in shipment, number of cartons or containers, Supplier's name and number, and bill of lading number, before any payment will be made for material by Purchaser. Purchaser 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.

All invoices are to be submitted to Purchaser (at Purchaser's choice as specified in the Purchase Order) either in:

(a) the Supplier's local currency; or

(b) Purchaser's local currency; or

(c) (whether or not it is a local currency) euro.

If more than one currency (or currency unit) are at the same time recognised by the central bank of any country as its lawful currency, then any reference in any pre-contractual or other document that has passed between Purchaser and Supplier to the currency of that country shall be translated into (and paid) in that currency (or currency unit) of that country which is designated by Purchaser in the Purchase Order.

If Supplier has provided Purchaser with a quote in one currency (or currency unit) and Purchaser requires the invoice to be in another currency (or currency unit) under this Condition, then conversion shall take place either:

(a) at the official rate of exchange recognised by the relevant central bank for the relevant conversion, rounded up or down by Purchaser as it reasonably deems appropriate; or(

(b) if there is no such official rate of exchange, at the rate published in Financial Time Web Side on the date of the invoice for the purchase of the invoice currency with the quoted currency.

If a change in the currency of a country occurs, then all documents and contracts that have passed between Purchaser and Supplier shall be amended in any manner which Purchaser shall notify to Supplier is in Purchaser's view necessary or desirable to reflect the change in currency and to put Purchaser and (subject to protecting Purchaser's position) Supplier in the same position, so far as possible, as if no change in currency had occurred.

25. **Setoff and Withholding**- In addition to any right of setoff or recoupment provided by law, all amounts due to Supplier, or its subsidiaries or affiliates shall be considered net of indebtedness or obligations of Supplier, or its subsidiaries or affiliates to Purchaser or its subsidiaries or affiliates, and Purchaser or its subsidiaries or affiliates may setoff against or recoup from any amounts due or to become due from Supplier, or its subsidiaries or affiliates to Purchaser or its subsidiaries or affiliates however and whenever arising. All amounts (if any) due to Purchaser from Supplier under the Purchase Order shall be paid in full without any deduction or withholding other than as may be required by law and Supplier shall not be entitled to any set-off, counterclaim or deduction of any nature whatsoever against Purchaser in order to justify withholding of any amount in whole or in part.

An "affiliate" of a party means any other company which controls, is controlled by, or is under common control with such party. For purposes of this definition, the term "control" means the ownership, directly or indirectly, of twenty percent (20%) or more of the capital or equity of a company or the ability, by voting securities, contract or otherwise, to elect a majority of the board of directors or other governing body of such company.

If an obligation of Supplier or its subsidiaries or affiliates to Purchaser is disputed, contingent or unliquidated, Purchaser may defer payment of the amount due until such obligation is resolved.

26. **Governing Law -**

Each Purchase Order shall be governed by and interpreted in accordance with the laws of Sweden without regard to any applicable conflict of laws provisions. The contract relating to the Purchase Order shall be deemed to have been made in Sweden. Both parties submit to the exclusive jurisdiction of the Swedish courts.

27. **Proprietary Rights** –

A. If Purchaser furnished or supplied Supplier with any designs, drawings, specifications, blueprints or other materials which contain proprietary information, Supplier shall not disclose or use for the benefit of Supplier or others such designs, drawings, specifications, blueprints or other material including any copies thereof, except with the written approval of Purchaser.

B. Supplier agrees: (i) to defend, hold harmless and indemnify Purchaser and its customers against all claims, demands, losses, suits, damages, liability and expenses (including reasonable legal fees) arising out of any suit, claim or action for actual or alleged direct or contributory infringement of, or inducement to infringe, any patent, trademark, copyright or industrial design right 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 Purchaser or for actual or alleged misuse or misappropriation of a trade secret resulting directly or indirectly from Supplier's actions; (ii) to waive any claim against Purchaser and its customers, including any hold-harmless or similar claim, in any way related to a claim asserted against Supplier or Purchaser for infringement of any patent, trademark, copyright or industrial design right or other proprietary right, including claims arising out of compliance with specifications furnished by Purchaser; and (iii) to grant to Purchaser a worldwide, nonexclusive royalty-free, fully paid-up irrevocable license with the right to grant sublicenses to affiliates, to repair and have repaired, to reconstruct and have reconstructed, to make or have made the goods ordered hereunder. Supplier hereby assigns to Purchaser all right, title and interest in and to all inventions, trademarks, copyrights, industrial design rights and other proprietary rights in any material created for and paid for by Purchaser under the Purchase Order. Technical information and data furnished to Purchaser in connection with the Purchase Order are disclosed on a nonconfidential basis.

C. All 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 (collectively, "Deliverables") shall be original to Supplier and shall not incorporate any intellectual property rights (including copyright, patent, trade secret, mask work, or trademark rights) of any third party.

D. All Deliverables which are created in the course of performing the Purchase Order (separately or as part of any products), and all intellectual property rights in Deliverables, are owned by Purchaser and not by Supplier. To the extent that, by operation of law, Supplier owns any intellectual property rights in the Deliverables, Supplier hereby assigns to Purchaser all rights, title and interest, including without limitation copyrights and patent rights, in such Deliverables.

E. Supplier grants to Purchaser an irrevocable, nonexclusive, worldwide license with the right to grant sublicenses to affiliates of any technical information, know how, copyrights and patents owned or controlled by Supplier or its affiliates reasonably necessary for Purchaser to make, have made, use and sell any goods provided by Supplier under the Purchase Order. The license shall be effective from the first delivery of goods under the Purchase Order. For a period of two (2) years from Supplier's first delivery of goods under the Purchase Order, Purchaser shall pay to Supplier a "reasonable royalty" for such license, which is acknowledged by Supplier to be included in the price paid by Purchaser to Supplier for the goods. In the event Purchaser sources the goods from a party other than Supplier, Purchaser shall pay Supplier a "reasonable royalty" for a period of two (2) years from the date of Supplier's first delivery of goods and thereafter, Purchaser's license shall be royalty free, fully paid up, permanent and irrevocable.

F. Supplier shall ensure that any subcontractors to Supplier shall have contracts with Supplier in writing consistent with the terms of these Conditions including without limitation this Condition 27.

28. **Advertising** - Supplier shall not refer to Purchaser in advertising or public releases without Purchaser's prior written approval.

29. **Excusable Delay** -

A. Subject to the provisions of subsection B below, neither Purchaser nor Supplier 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 labour disputes of any kind, provided, however, that the party claiming the excusable delay must provide prompt notice of the delay after the event causing the delay has occurred. During the period of excusable delay or failure to perform by Supplier, Purchaser at its option may purchase goods from other sources and reduce the Purchase Order by such quantities without liability to Supplier.

B. Supplier shall take all actions deemed reasonably necessary by Supplier to ensure that in the event of a labour disruption, strike or worker slowdown, an uninterrupted supply of goods will be available to Purchaser in an area that will not be affected by any such disruption for a period of at least thirty (30) days. If upon request of Purchaser, Supplier fails to provide within ten (10) days (or such shorter period as Purchaser requires) adequate assurances that any excusable delay will not exceed thirty (30) days or if any excusable delay lasts longer than thirty (30) days, Purchaser may terminate the Purchase Order without liability.

30. **Service and Replacement Parts** – Upon receipt of a request or order by Purchaser therefor, Supplier undertakes and represents to Purchaser that it will sell to Purchaser all goods necessary for Purchaser to fulfill Purchaser's and its customers' service and replacement parts requirements for its current model year at the then current production prices order plus any cost differential for packaging. If the goods are systems, modules or assemblies, Supplier will sell the components or parts of such systems, modules or assemblies at prices that will not in the aggregate exceed the then current production price of the system, module or assembly less the costs of labor involved in connection with the system, module or assembly plus any cost differential for packaging.

After the current model production of the vehicle involved, Supplier undertakes and represents to Purchaser that it shall be able to supply such spares and maintenance services in relation to the parts as may be required by Purchaser in accordance with all requirements specified by Purchaser until a date notified by Purchaser or which if not specified by Purchaser is no less than ten years after Purchaser has notified Supplier in writing that such part has now become obsolete and production of it will no longer be required. The applicable prices shall be those then specified in the last Purchase Order for current model production plus any cost differential for packaging for the first three (3) years of past model service. For the following seven (7) years of past model service, the prices shall be as specified in the last Purchase Order for current model production plus any cost differential for packaging and manufacturing. The prices for service and replacement parts after that ten (10) year period will be as negotiated by the Supplier and Purchaser.

31. **Financial and Operational Condition of Supplier** - Supplier will permit Purchaser and its representatives to review Supplier's books and records concerning compliance with the Purchase Order and Supplier's overall financial condition. Supplier agrees that if Supplier experiences any delivery or operational problems, Purchaser may, but is not required to, designate a representative to be present in Supplier's applicable facility to observe Supplier's operations. Supplier agrees that if Purchaser provides to Supplier any accommodations (financial or other) that are necessary for Supplier to fulfill its obligations under the Purchase Order, Supplier will reimburse Purchaser for all costs, including legal and other professionals' fees, incurred by Purchaser in connection with such accommodation and will grant access to Purchaser to use Supplier's premises, machinery, equipment and other property necessary for the production of goods covered by the Purchase Order under an access agreement.

32. **Sourcing Limitations** - Unless Purchaser's order for goods to be delivered hereunder specifically provides that Supplier shall produce one hundred percent (100%) of Purchaser's requirements for the goods, Purchaser shall have the right to obtain a portion of such goods from another third party source or from Purchaser's internal sources.

33. **Packaging** - All packaging must conform to Purchaser's standard packaging requirements, which can be found at www.lear.com, under Supplier Information.

34. **Supplemental Terms and Conditions for Tooling and Equipment**

All other provisions of the Purchase Order shall apply to the purchase of tooling ("Tooling") and equipment ("Equipment") by Purchaser, except that in the event of an inconsistency between the other terms of the Purchase Order and the provisions of this Condition 34, this Condition 34 shall apply.

A. General. Supplier agrees to retain all cost records for Tooling and Equipment for a period of three (3) years after receiving final payment. All Tooling and Equipment are to be made to Purchaser's Tooling and Equipment Specifications Manual as amended from time to time (a copy of which is available from the manufacturing engineering department located at Purchaser's Technical Center). Any exceptions must be authorized by Purchaser in writing on the Purchase Order or by letter from the Purchaser's applicable manufacturing engineer. Tooling Guidelines and Definitions are available on the Lear Corporation Web Site at www.Lear.com within the Supplier Information section.

B. Specifications. Supplier shall promptly inform Purchaser of any inconsistencies or ambiguities in Purchaser's specifications of which Supplier is or becomes aware. After reviewing Purchaser's specifications, Supplier must notify Purchaser of any questions that Supplier has concerning whether the Tooling or Equipment that Supplier is producing will meet Purchaser's needs. Supplier shall provide Purchaser with a schedule for completion of the Tooling or Equipment so that Purchaser may monitor the ability and likelihood that Supplier will meet its delivery requirements.

C. Inspection, Rejection and Payment

1.) Purchaser shall have the right to inspect and test all Tooling and Equipment at all times and places including, when practicable, during manufacture. If any such inspection or test is made on Supplier's premises,

Supplier shall furnish all reasonable facilities and assistance for a safe and convenient inspection or test without additional charge to Purchaser. Purchaser's inspection of the Tooling or Equipment, no matter when occurring, shall not be acceptance of any work-in process or Tooling or Equipment.

2.) Notwithstanding prior inspection, payment for, or use of the Tooling or Equipment, Purchaser shall have the right to reject any of such Tooling or Equipment which does not conform to the requirements of the Purchase Order.

3.) No payment of funds for Tooling or Equipment shall be made by Purchaser until Supplier transfers title to Purchaser to the Tooling or Equipment free and clear of all liens, claims or other encumbrances and completes all related services, or provides adequate assurance of continued performance in such form as requested by Purchaser.

4.) Supplier agrees that Purchaser has the right to conduct an audit of Supplier's expenditures, costs and expenses pursuant to Lear's Tooling Audit Guidelines as amended from time to time which are hereby incorporated herein and payment shall occur after Purchaser determines the final cost.

5.) At any time after termination of the Purchase Order and/or underlying contract for any cause, Purchaser shall have the right at reasonable times to access Tooling and Equipment stored at the Supplier's premises or elsewhere and Purchaser shall have the right to remove any such Tooling or Equipment.

D. Acceptance. For purposes of the Purchase Order, acceptance of Tooling and Equipment shall be defined as receipt by Supplier of written acknowledgement from Purchaser's authorized representative of compliance of Tooling and Equipment with all manufacturing specifications, including "run at rate", in a production environment at Purchaser's facility. Purchaser's manufacturing specifications are hereby incorporated herein. If so requested by Purchaser, Supplier shall provide a pre-acceptance run-off to Purchaser at Supplier's facility, at no cost to Purchaser.

E. Warranty.

1.) Supplier fully warrants all Tooling and Equipment purchased pursuant to the Purchase Order will, for a minimum period of one (1) year following the date of acceptance of such Tooling or Equipment, conform to the applicable drawings, specifications and other descriptions furnished pursuant to the Purchase Order, and all applicable laws and regulations, be free of defects in design (to the extent that Supplier furnished the design), materials and workmanship, and be suitable for the purpose intended. Supplier's responsibility under this warranty shall include without limitation, all parts, labor and transportation costs in the event the Tooling and/or Equipment must be returned to Supplier for repair or replacement. Furthermore, Supplier shall require its suppliers of component parts of goods and/or equipment for Tooling or Equipment purchased pursuant hereto to provide a warranty equal to the warranties provided to Purchaser by Supplier in the Purchase Order and shall assign to Purchaser all such warranties. Supplier shall provide all necessary documentation to Purchaser to evidence that it has assigned such warranties from its suppliers to the Purchaser. In the event that Supplier fails to obtain or assign such warranties, Supplier agrees that it will reimburse Purchaser for all loss, cost, liability or expense (including reasonable legal fees) related to such failure.

2.) Supplier warrants that it will, whenever possible, use commercially available purchase parts of the highest industry quality, and will supply a detailed bill of materials listing all parts. Supplier further agrees that it will comply with all specific product sourcing directions of Purchaser.

3.) Supplier also will offer Purchaser an extended warranty on the Equipment on commercially reasonable terms. Supplier will inform Purchaser in writing of the terms of the extended warranty prior to delivery of the Equipment to Purchaser. Purchaser shall have the option to purchase the extended warranty until sixty (60) days after acceptance of the Tooling and/or Equipment.

4.) Supplier warrants that all Equipment supplied to Purchaser shall be equipped with approved or appropriate fail safe safeguarding systems.

F. Installation - Supplier agrees that without further charge it shall assist Purchaser in the installation of any Tooling or Equipment purchased under the Purchase Order. Purchaser and Supplier shall agree in writing on the schedule for such installation and the roles of each party in the installation process.

G. Preventative Maintenance

1.) Supplier agrees to provide Purchaser with a complete and comprehensive preventative maintenance plan for Equipment which also includes proper machine safeguarding systems prior to final acceptance at the Purchaser's facility. The preventative maintenance plan shall include, but not be limited to, one complete set of maintenance and operating manuals for all equipment and systems purchased by Purchaser (including one in a foreign language, if required by Purchaser), as well as a detailed bill of material.

2.) Supplier warrants to Purchaser that the Equipment will operate at quoted production rate and/or cycles times and safely for the stated expected useful life if Purchaser follows the preventative maintenance plan proposed by Supplier.

3.) Supplier agrees to escrow a complete copy of the source codes for any software incorporated in the Equipment purchased hereunder pursuant to an escrow agreement with a third party mutually acceptable to Purchaser and Supplier to be accessed by Purchaser in the event of the happening of any of the following or any other similar or comparable event: (i) Supplier has a bankruptcy order made against it; (ii) Supplier makes an arrangement or composition with its creditors or otherwise takes the benefit of any legislative provision for the time being in force for the relief of insolvent debtors; (iii) Supplier convenes a meeting of creditors (whether formal or informal); (iv) Supplier enters into liquidation (whether voluntary or compulsory); (v) Supplier has a receiver, and–/or manager, administrator or administrative receiver appointed of its undertaking or any part thereof; (vi) a resolution is passed or a petition presented to any court for the winding up of the Supplier or for the granting of an administration order in respect of the Supplier; or (vii) any proceedings are commenced relating to the insolvency or possible insolvency of the Supplier.

H. Training - Supplier agrees to provide any and all necessary training and training materials to Purchaser for the Tooling or Equipment at the initial stage of installation, at no additional cost to Purchaser. The amount of training, and schedule for such training, to be provided hereunder shall be mutually agreed upon by Purchaser and Supplier, in writing. The training materials are to be provided in a computerized format, if possible.

I. Spare Parts/Service Discount

Upon the purchase of the Equipment, Supplier agrees to provide a discount for any replacement and/or spare parts ordered by Purchaser as well as for any service for two (2) years after the expiration of Supplier's warranty. The negotiated percentage discount shall be calculated using Supplier's published price list at the time of purchase of the Equipment, which shall be provided by Supplier to Purchaser upon purchase of the Equipment, or as otherwise agreed upon in writing.
In the absence of a published price list, Supplier shall provide written certification of the price in effect for the replacement and spare parts at the time of delivery.

35. **Entire Agreement** – The Purchase Order, together with the Conditions, attachments, exhibits or supplements specifically referenced in these Conditions or the Purchase Order, constitute the entire agreement between Supplier and Purchaser with respect to the matters contained herein and supersedes all prior oral or written representations and agreements. Each Purchase Order may only be modified by a written purchase order amendment/alteration issued by an authorized representative of Purchaser.

36. **Waivers and Releases** - Notwithstanding anything to the contrary contained in the Purchase Order, Purchaser does not release any claim against Supplier which is based in whole or in part on any fraud or duress in connection with the Purchase Order or any breach or anticipatory breach of the Purchase Order or any other order between Purchaser and Supplier (even if that order relates to other products). No waiver by the Purchaser of any breach of the terms of the Purchase Order by the Supplier shall be considered as a waiver of any subsequent breach of the same or any other provision.

37. **Notices** – Any notice required or permitted to be given by either party to the other under the Purchase Order shall be in writing addressed to the address notified in or such other address as may be notified at any relevant time as being the relevant address.

38. **Remedies and Enforceability -** The remedies given to the Purchaser under the Purchase Order shall be cumulative and in addition to any other or further remedies provided at law or in equity. If any provisions of the Purchase Order are held by any competent authority to be invalid or enforceable in whole or in part, the validity of the other provisions of the Purchase Order and the remainder of the provision in question shall not be effected.

39. **Confidentiality** – Supplier undertakes to hold in confidence and not to disclose to third parties without the prior written consent of Purchaser the Conditions and the Purchase Order.

DEFINITIONS AND INTERPRETATION

In these Conditions:

"Conditions" means the standard terms and conditions of Purchaser contained in this document;

"Price" means, in respect of each Part, the price specified against it in the most recent Purchase Order which includes that Part.

"Purchaser" means the Lear entity identified in each Purchase Order as the purchaser;

"Purchase Order" means any order for Parts notified to the Supplier by Purchaser (as may be amended or varied by Purchaser from time to time);

"QS9000" means the quality assurance system prescribed by the automotive industry and contained in the publication "Quality System Requirements QS9000" published by ISO, Chrysler, Ford and General Motors and any successor or any other similar quality required by any customer of the Purchaser;

"Specification" means, in respect of each part, the specification and/or drawing which is identified by the part number reference in the Purchase Order (as such specification may be modified from time to time either by the Supplier with the specific written agreement of Purchaser or by Purchaser by written notice to the Supplier);

"Supplier" means the person identified as such overleaf;

"Tooling" means all patterns, dies, jigs, designs, prototypes, prints, moulds or other tooling, drawings, plans, specifications and the like relating to or supplied or made for the purpose of the manufacture, design or specification of Parts.