



## **Purchasing General Terms and Conditions**

1. **Agreement.** AEC's standard terms and conditions of purchase set forth below apply to all sales except to the extent that they may be expressly altered or modified in writing by AEC. The terms of this purchase order constitute the entire and final agreement of the parties and cancels and supersedes any prior or contemporaneous negotiation or agreements. AEC's general terms and conditions are as currently published at <http://www.aecensors.com/auto.html> or its successor site. By accepting this order, seller acknowledges having knowledge of the text of the general terms and conditions. AEC's purchase order expressly limits acceptance to the terms of the purchase order and any additional or different terms, whether contained in seller's forms or otherwise presented by seller are rejected unless the seller shall have notified buyer in writing and have received buyer's written agreement to the changes requested by the seller. In the absence of such written notification and agreement, the sale and shipment of any of the materials specified on buyer's purchase order shall constitute acceptance of all the terms and conditions of this purchase order irrespective of whether seller has returned an acknowledgement. "Purchase Order" could be transmitted to seller via Electronic Data Interchange, facsimile, email, or in a paper format.
2. **Acknowledgment.** This purchase order constitutes AEC's offer to Seller and is not binding on AEC until accepted by Seller or Seller specifically waives it signed acceptance of this order or by a delivery of the goods, rendering of services, or the commencement of work on goods or services pursuant to this purchase order. Acknowledgement could be in the form of Electronic Data Interchange, facsimile, email, or the acknowledgement copy of the paper purchase order.
3. **Delivery.** Time of delivery is of the essence. Delivery must be effected within the time specified in this purchase order. If Seller fails to make deliveries or perform services at the agreed time, all damages suffered by AEC and any premium transportation or other costs required to meet the specified delivery schedule will be at the expense of the Seller. Seller shall not be responsible for delays in deliveries if occasioned by causes beyond the control and without the fault or negligence of the Seller, including, but not restricted to, Acts of God or the public enemy, act of the government, natural disasters, delays of subcontractors due to such causes, provided that the Seller give AEC prompt notice of any causes that result in such a delay.
4. **Packing, Marking and Shipment.** Seller will pack and mark goods and make shipments in accordance with AEC's instructions, meet carrier requirements and assure delivery free of damage and deterioration. AEC's complete purchase order number and part number must appear on all correspondence, invoices, shipping papers and packages.



5. **Release Authorization.** Deliveries are specified to be in accordance with AEC releases, Seller will not fabricate or assemble any goods, nor procure required materials, nor ship any supplies, except to the extent authorized by such written releases or provisions of this order specifying minimum fabrication or delivery quantities. Any unauthorized quantity is subject to AEC's rejection and return at Sellers cost.
6. **Inspection and Rejections.** All goods and services will be received subject to Buyers right of inspection and rejection. Seller will provide inspections as designated by AEC and Seller will make inspections systems, procedures and records available to AEC upon request. Payment for goods or services on this purchase order prior to inspection shall not constitute acceptance. AEC may revoke acceptance, reject or require correction and return the goods to the Seller (at Seller's expense and risk of loss) any goods delivered or services rendered that do not conform to applicable requirements. This purchase order is issued for the part specifically identified in the order and any substitutions of material or change in process, without prior AEC approval in writing, will be considered a breach of this purchase order. Without limiting its remedies, after notice to Seller, AEC may (i) replace or correct any non-conforming goods or services and charge Seller the cost of such replacement or correction, (ii) cancel the order for default as described in clause titled "cancellation for default", (iii) debit Seller's account for the damages suffered by AEC and/or (iv) cause the removal of the Seller as an approved AEC supplier.
7. **Labor Disputes.** Seller will notify AEC immediately of any actual or potential labor disputes that may delay or threaten timely performance of this order. Seller will notify AEC in writing 6 months prior to the expiration of any current labor contract.
8. **General Warranty.** Seller warrants that the goods or services covered by this purchase order will (i) comply with all the specifications, drawings, descriptions or samples furnished and/or specified by AEC or furnished by seller and accepted by AEC, (ii) be merchantable, (iii) be free from defects in material and workmanship. Seller further warrants that all goods not designed by AEC will be fit and sufficient for the purpose intended. Such warranty will be coterminous with the warranty extended to AEC's customer. Seller's liabilities for a breach of the warranties will be determined by AEC's analysis of a sample of parts against which claims have been made. Seller will participate in such analysis in accordance with AEC procedures. These warranties are in addition to any warranties implied by law or otherwise made by Seller and will survive acceptance and payment by AEC.
9. **Price.** If the price is not stated in the purchase order, it is agreed that the goods or services will be billed at the price last quoted or billed at the prevailing market price, whichever is lower. AEC will not accept price increases without having approved the increase in writing to Seller.



10. **Payment.** It is agreed that the cash discount period will date from the receipt of the goods or from the date of the invoice, whichever is later. C.O.D. shipments will not be accepted, drafts will not be honored.
11. **Changes.** AEC may, at any time, make changes in this purchase order. Any claim by Seller for a change in price adjustment must be asserted in writing within 10 days from date of receipt by Seller of AEC's notification of change. AEC will have the right to verify all claims by auditing relevant records, facilities, processes, or materials of Seller. Seller agrees to proceed with the purchase order as changed under this clause. All AEC approved engineering changes to the part specification will be promptly implemented by the Seller as directed by AEC. Price changes are to be based solely on the design cost variance from the prior design and be substantiated with appropriate documentation satisfactory to AEC. Seller certifies the location(s) of the goods or services provided are as originally specified. Seller must notify AEC prior to change so that the impact of the change can be evaluated and negotiated as necessary.
12. **Claims Adjustment.** AEC may at any time and without notice deduct or set-off Seller's claims for money due or to become due from AEC against any claims that AEC has or may have arising out of this or any other transaction between AEC and the Seller.
13. **Customs.** Seller will promptly notify AEC in writing of material or components used by Seller in filling this purchase order, which Seller purchases in a country other than the country in which the goods or services are delivered to AEC. Seller will furnish AEC with any documentation and information necessary to establish the country of origin or to comply with the applicable country's rules of origin requirements. Seller will advise AEC of any material or components imported into the country of origin and any duty included in the purchase price of the goods. The rights to and benefits of any duty drawback, including rights developed by substitution and rights which may be acquired from Seller's suppliers and export credits to the extent transferable to AEC, are the property of AEC. Seller will provide all documentation and information and take any necessary steps to drawback any duty, taxes or fees paid to, and to receive export credits from, the government of the country of origin upon exportation of the goods from such country. The responsibility for customs duty and customs brokers' fees will be determined in accordance with the transportation code stated in this purchase order. If AEC is responsible for customs duties, it will be responsible for normal duties only, Seller will be responsible for any special duties. Seller will provide AEC or the appropriate governmental authority all documentation and information required by law or regulation or otherwise necessary to determine the proper minimum duty to be paid upon the importation of the goods into any country or to obtain any refunds or drawbacks of duties paid. Seller will advise AEC if the importation or exportation of the goods requires and import or export license. Seller will assist AEC in obtaining any



such license. Seller will provide to AEC and the appropriate governmental agency the documentation necessary to determine the admissibility and the effect of entry of the goods into the country in which the goods are delivered to AEC. Seller warrants that the information regarding the import or export of the goods supplied to AEC is true and correct, and that all sales covered by this purchase order will be made at not less than fair value under the anti-dumping laws of the countries to which goods are exported.

14. **Information Disclosed.** The specifications, drawings, designs, manufacturing data and other information transmitted to Seller by AEC in connection with the performance of this purchase order are the property of AEC or AEC's customer and may be covered by one or more AEC or customer patents, patent applications or copyrights. Seller will handle all of this information in such a manner to insure that it is not used for any purpose detrimental to the interests of AEC or its customer. Unless expressly provided in this purchase order or otherwise agreed to in writing by AEC, Seller's disclosure rights regarding products or services related to this purchase order, and information relating thereto shall be limited to any valid copyright thereon or patent Seller may hold covering the manufacture, use and sale of the products or services.
15. **Patent.** It is understood and agreed that Seller warrants that the sale or use of the material or services covered by this purchase order either alone or in combination with other materials or services, will not infringe or contribute to the infringement of any patents or proprietary interest. Seller agrees to defend all suits, actions, or proceedings which may be brought against AEC, any of its associated companies, or its customers for alleged infringement of any patents or proprietary interest resulting from the use or sale of the material or services provided either alone or in combination with other materials or services and to pay all expense and fees of counsel which may be incurred in defending, and all costs, damages, or other recoveries in every suit.
16. **Assignment.** This purchase order will not be assigned or delegated, in whole or in part without the prior written consent of AEC.
17. **Termination at AEC's Option.** AEC may terminate this purchase order at any time without cause in whole or in part by written notice, whereupon Seller will stop work on the date and to the extent specified in such notice and terminate all purchase orders and subcontracts that relate to the terminated purchase order. Within 30 days after receipt of the termination notice, Seller will submit all claims resulting from such termination, and will provide to AEC documentation to substantiate such claim. AEC will have the right to verify such claims by auditing the relevant records, facilities, work or materials of the Seller and/or its subcontractors. AEC will pay Seller for finished work accepted by AEC as well as for the audited documented cost to Seller for work in process and raw material allocable to the terminated work which is not in excess of any prior AEC authorization. Payment under this clause will constitute AEC's only liability for



termination hereunder with title and right of possession to all delivered goods and services vesting in AEC immediately upon AEC's tender of such payment. The provision of this clause will not apply to any cancellation by AEC for default by Seller or for any other cause recognized by law or specified by this purchase order.

18. **Cancellation for Default.** If Seller (i) fails to deliver goods or perform services at the time specified herein, or (ii) fails to perform any other provisions hereof and does not cure such failure within a period of 10 days after receipt of notice from AEC specifying such failure, or (iii) becomes insolvent, makes an assignment in favor of creditors, or enters bankruptcy or dissolution procedures, or (iv) is merged into another company and/or is expropriated or nationalized, AEC may cancel the whole or any part of this purchase order without liability, except for payment due for goods and services delivered and accepted. Upon such termination AEC will have the right, and on notice to Seller, to take title to and possession of all or any part of such work performed by Seller under this purchase order.
19. **Remedy.** Buyer shall have all rights and remedies specified herein in addition to any other or further rights and remedies available by law. No waiver or any breach of any provision of this purchase order will constitute a waiver of any other breach or waiver of such provision.
20. **Required Compliance.** In providing goods or services hereunder, Seller will comply with any and all applicable Federal, State, and Local laws (including other foreign laws), and regulations. Seller will defend indemnify and hold AEC harmless from and against any and all claims, losses, damages, costs and expenses resulting from or arising out of any failure of Seller or Seller's employees, agents, and subcontractors to comply with any applicable governmental regulations and/or statutes.
21. **Interpretation of Contract.** This purchase order and all transactions between AEC and the Seller will be governed by and construed in accordance with the laws of the State of Indiana, United States of America. Further the parties agree that the jurisdiction and venue for any action brought by either party shall be solely in any State or Federal Court within Indiana.