

## CITATION CORPORATION

### TERMS AND CONDITIONS FOR PURCHASE ORDERS

(Effective October 1, 2003)

#### 1. AGREEMENT.

- A. Citation Corporation, the company issuing these Terms and Conditions (“Terms & Conditions”) shall be referred to as the “Buyer” and the company supplying Materials, Goods or Services (“Product”) to Buyer shall be referred to as the “Seller”. These Terms & Conditions (as currently written and as hereinafter amended or revised) will become a binding agreement (“Agreement”) between the Buyer and the Seller. The Terms & Conditions may be modified only by a written document executed by Buyer.
- B. This Agreement shall begin when accepted by the Seller via a formal written acknowledgment to the Buyer or by commencement by Seller of any of the work stated in any Purchase Order, and the Agreement shall remain effective unless cancelled sooner by Buyer in accordance with Section 4 of the Terms & Conditions.
- C. Seller may not assign any of its duties and responsibilities as required under this Agreement. Buyer may freely assign its duties and responsibilities under this Agreement.
- D. If any of the provisions of the Terms & Conditions are found to be invalid or unenforceable, the remaining portions of said document shall not be affected and shall be considered valid and enforceable to the fullest extent permitted by law.

#### 2. PERFORMANCE.

- A. Time is of the essence in this Agreement and deliveries are to be made in quantities and at times specified in schedules as furnished by Buyer. Buyer shall have no liability for payment for Product delivered to Buyer that is in excess of quantities specified in the delivery schedule nor shall Buyer have liability for the direct temporary suspension of scheduled shipments.
- B. Buyer makes no representations or guarantees as to the volume of Product that Buyer will require Seller to provide under this Agreement; provided, however, Seller agrees to provide such Product as Buyer reasonably requests and as necessary to ensure adequate supply for maintaining production at Buyer’s facilities.

- C. Acceptance by Buyer of late delivery of either the whole or part of an order shall not constitute a waiver of any claim for damages which the Buyer may have arising from and out of any late delivery. Any Product shipped to Buyer in advance of any delivery schedule, without express written consent of Buyer, may be returned by Buyer to Seller at Seller's expense.
- D. No Product shall be shipped or service performed under this Agreement until a Purchase Order has been provided by Buyer to Seller and a delivery date and location noted. These Terms & Conditions shall apply to all Purchase Orders agreed to by Buyer. All Product shall be delivered via a common carrier selected and/or approved by and at such times as designated by Buyer's receiving facility.

**3. PACKING AND SHIPPING.**

- A. Seller shall be responsible for invoicing Buyer after each shipment of Product.
- B. All invoices and shipping notices for Product shipped pursuant to any purchase order and these Terms & Conditions must reference: the purchase order number and/or any amendment or release number; Buyer's part number; Seller's part number (where applicable); quantity of pieces in shipment; number of cartons or containers in shipment; Seller's name and number; and bill of lading number, before any payment will be made for Product by Buyer. Buyer reserves the right to return all invoices or related documents submitted incorrectly and payment terms will be determined as of the date of the latest correct invoice and/or shipping notice received. Any unnecessary expense resulting from miss-routed shipments shall be charged to Seller. Unless otherwise specified herein, all charges for packing and crating are included in the purchase price, inclusive of applicable taxes, excises, duties, quotation fees or any other governmental impositions on or related to the production, sale or transportation of the Goods, ceiling or other limitation of price established by any governmental authority, and subject to increase only with prior written consent of Buyer.
- C. Premium shipping expenses and/or any other related expenses necessary to meet agreed upon delivery dates shall be Seller's sole responsibility and this cost may not be passed through to Buyer.

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**4. TERMINATION.**

- A. In addition to any other rights of Buyer to cancel or terminate this or any Agreement with Seller, Buyer may, at Buyer's sole option, immediately terminate all or any part of this or any Agreement with Seller at any time and for any reason by providing Seller written notice sent to whatever

address Buyer has for Seller. Such notice shall state the extent and effective date of such termination; subject to Section 4(E);

- B. Upon receipt of Buyer's notice of termination, Seller, unless otherwise directed by Buyer: shall immediately terminate all work; transfer and deliver to Buyer the finished work, work-in-process, and the parts and materials which Seller produced or acquired in accordance with the terminated order and which Seller cannot use in producing Product for itself or others; settle all claims by subcontractors, if any, for actual costs that are rendered unrecoverable by such termination; and take any action(s) as necessary to protect property in Seller's possession in which Buyer has an interest.
- C. Upon termination by Buyer under this Section, Buyer shall pay to Seller the following amounts without duplication:
  - (1) The purchase order price for all finished Product that conform to the requirements of this or any Agreement and which Product has not been previously paid for by Buyer;
  - (2) Seller's reasonable actual cost of the work-in-process and parts and materials transferred to Buyer in accordance with Paragraph 4(B);
  - (3) Seller's reasonable actual cost of settling the claims of the obligation Seller would have had to the subcontractors in the absence of termination by Buyer; and
  - (4) Seller's reasonable actual cost of carrying out its obligations under Section 4(B).

Buyer's obligation upon termination under this Paragraph shall not exceed the obligation Buyer would have had to Seller in the absence of termination.

- D. Within two (2) months after the effective date of termination, Seller shall furnish to Buyer its termination claim which shall consist exclusively of the items of Buyer's obligation to Seller that are listed in Section 4(C).
- E. Upon termination, or cancellation of this Agreement by Buyer, all Product stored by Seller for Buyer in excess of any open Buyer orders shall remain the property of and become the sole responsibility of Seller. In event of termination or cancellation of this Agreement by Seller, all Product purchased by Buyer shall be delivered without interruption by Seller until all open orders are complete.

## 5. **INSPECTION.**

- A. All Product shall be received by Buyer subject to Buyer's inspection and acceptance or rejection. In case any Product is found to be defective or otherwise not in conformity with the requirements of this order, Buyer

shall have the right to reject the same or require that such defective and/or nonconforming Product be corrected or replaced promptly with material satisfactory to Buyer. If Buyer so rejects any Product or if Seller, when requested by Buyer fails to proceed promptly with the replacement or correction of said Product, Buyer may either terminate this Agreement and/or order for default or may replace or correct such defective and/or nonconforming Product and in either event Buyer may charge Seller the cost of damages to Buyer. Rejected, defective Product or rejected Product not in conformance with Buyer's specifications shall be returned by Buyer to Seller at Seller's expense. Unless Buyer, at its option, notifies Seller to the contrary, no Product returned as defective shall be replaced without a new order. Payment for Product on this order prior to inspection by Buyer shall not constitute an acceptance by Buyer of such Product.

**6. WARRANTIES.**

A. Seller warrants that all Products, including material and work, furnished pursuant to this Agreement shall be:

- (1) free of infringements of property rights of third parties;
- (2) free of defects in workmanship and material;
- (3) of the highest grade and quality unless otherwise specified by Buyer in writing,
- (4) merchantable and fit for the particular purpose(s) known by or disclosed to Seller, and
- (5) shall meet or exceed all published and otherwise agreed upon specifications, drawings, or standards or samples submitted or approved by Buyer; and shall confirm to any referenced additional documents.

B. Seller warrants that all Product will comply with all applicable federal and state laws and shall be in compliance with all standards and agreements incorporated and made a part of this Agreement. In the event that any Product is not in compliance with any state or federal law or regulation or not in compliance with any agreement or standard incorporated in this Agreement, now existing or hereafter enacted or amended, or are otherwise defective, Buyer may, at Buyer's sole option, return the defective Product to Seller and Seller shall refund to Buyer Buyer's cost, including all freight charges, or repair, correct or replace the defective Product at Seller's cost and expense. Payment by Buyer shall not constitute an acceptance of any Product or a waiver of any rights of Buyer under this Agreement. All warranties granted by Seller under this Agreement shall extend to Buyer and Buyer's affiliates, successors, subsidiaries, customers and any other users of the Product, material or equipment.

- C. Seller warrants that any services to be performed by Seller under this Agreement shall be performed by Seller, as an Independent Contractor, in a good and workmanlike manner.
- D. Seller warrants and guarantees that all equipment furnished by Seller in performance of this Agreement shall fully comply with the Federal Occupational and Safety Health Act as written and amended, and all federal, state and local laws and regulations approved under such Act to the extent applicable to such equipment, and Seller agrees to indemnify Buyer and Buyer's customers from and against any claims, loss or liability arising from the failure of such equipment to comply with any of said laws as warranted.

**7. CHANGES.**

- A. Buyer reserves the right at any time to make written changes in any of the following:
  - (1) specifications, drawings and data incorporated in this Agreement where the terms to be furnished are to be specially manufactured for Buyer;
  - (2) methods of shipment or packing;
  - (3) place of delivery,
  - (4) time of delivery,
  - (5) manner of delivery,
  - (6) requested quantities.
- B. Any such change shall be deemed not to affect time for performance or cost unless Seller notifies Buyer in writing within ten (10) calendar days after Seller receives any such change notice. Any claim by Seller for adjustment under this Section must be approved by an authorized representative of Buyer in writing before Seller may proceed with such change. Price increases shall not be binding on Buyer unless evidenced by a purchase order change or a revision issued and signed by an authorized representative of Buyer.
- C. Seller may not make any changes to this Agreement without the express written approval of Buyer.

**8. EQUIPMENT AND PERSONNEL.**

- A. For the purpose of supplying any Product to Buyer, Seller shall provide, at its own expense, adequate facilities, properly maintained equipment, effectively trained employees and professional personnel. Seller and its employees shall engage in safe production without violating any current safety laws or regulations.

B. Seller shall have sole responsibility for the direction and control of its facilities, equipment, employees and/or agents. All personnel assigned by Seller will be employees of Seller and Seller shall pay all salaries and expenses of and all federal, social security, federal and state unemployment taxes, and any other payroll taxes relating to such employees. Seller will be considered, for all purposes, an independent contractor and Seller will not, directly or indirectly, act as an agent, servant or employee of Buyer, or make any commitments or incur any liabilities on behalf of Buyer without Buyer's prior written consent.

**9. CONFIDENTIALITY AND/OR PROPRIETARY INFORMATION.**

A. Seller acknowledges and agrees that during the term of the Agreement, Seller will have access to certain Confidential and/or Proprietary Information (as defined in Section 9(B)) concerning Buyer's business and employees. Seller acknowledges and agrees that it will not, without the written consent of Buyer, directly or indirectly disclose any Confidential and/or Proprietary Information to any third party, or directly or indirectly use, exploit, copy or summarize any Confidential and/or Proprietary Information in any way except as necessary in performing Seller's duties and obligations as required by this Agreement. If requested by Buyer, Seller shall require its employees to execute confidentiality agreements prohibiting use or disclosure of Confidential and/or Proprietary Information.

B. Confidential and/or Proprietary Information is defined as: Buyer's software programs; computer codes; software documentation; methodology documentation; design concepts, blueprints, specifications, engineering data, manufacturing technology, products; reference manuals; any knowledge, data, or records concerning the operations, policies, procedures, personnel matters, finances, business and marketing plans, strategic and/or operational plans, company contracts or any other information relating to the ownership or operation of Buyer and any of its affiliates or subsidiaries, or any and all information, knowledge, data or records concerning any officer, director, owner, shareholder, employee, agent, servant, representative, consultant, agent, client or customer in any medium which is disclosed to Seller either before, during or after the termination of the Agreement pursuant to which Seller is performing Services for Buyer.

C. Confidential and/or Proprietary Information does not include information that: is now or subsequently becomes generally available to the public through no fault of Seller; Seller can demonstrate was rightfully in its possession prior to disclosure by Seller; is independently developed by Seller without the use of any Confidential and/or Proprietary Information provided by Buyer or any of Buyer's employees; Seller rightfully obtained from a third party who had the right to disclose the information, or; is disclosed pursuant to law, regulation or any court or regulatory agency

order. Confidential and/or Proprietary Information is, and shall remain, the property of Buyer. At the conclusion of Seller's duties and responsibilities as required by the Agreement, Seller shall return and/or destroy, at Buyer's option, all originals and any copies of any Confidential and/or Proprietary Information in any medium.

**10. INSURANCE.**

A. During the term of this Agreement, Seller agrees to procure and maintain in force insurance policies for Worker's Compensation, Occupational Disease, Comprehensive General Liability, and Automobile Public Liability coverage in accordance with the laws of the State(s) in which the work is to be performed and Employer's liability insurance of not less than one million (\$1,000,000.) dollars for all of Seller's employees who enter Buyer's facilities.

**11. RECORDS.**

A. Seller agrees to maintain on its premises for the life of the material and design life of the equipment covered by this Agreement and make available for inspection by Buyer during standard business hours, records pertaining to inspection, certification of processes, certification of material, test reports, qualification data, purchase order records and design data applying to this Agreement and, when requested by Buyer, to furnish Buyer with copies of such documents.

B. Orders for Tooling: Buyer shall have access to Seller's premises and records during usual business hours, prior or subsequent to payment by Buyer, to inspect work performed and to verify charges submitted by Seller against the Purchase Order and any other order or document. The price set forth in the Purchase Order shall be adjusted so as to credit Buyer in the amount, if any, by which such price exceeds Seller's actual cost as verified.

C. Seller agrees to retain all Buyers records for a period of three (3) years after receiving final payment from Buyer.

**12. EQUAL EMPLOYMENT OPPORTUNITY.**

A. Seller is on notice that Buyer may utilize the Goods specified in this Agreement in the transaction of business with the United States Government. Seller is therefore deemed to have assumed the obligation of compliance with Executive Order 11246 and, unless otherwise exempt under the rules, regulations and orders of the Secretary of Labor or pursuant to Federal Procurement Regulations (FPR 1-12.804) or the Armed Services Procurement Regulations (ASPR 12-802), this Contract is subject to the requirements of the Equal Employment Opportunity clause as set forth in FPR 1-12.803.2 and ASPR 12-802(a), said clauses being

incorporated into this Contract by reference. Seller agrees to furnish Buyer with a “Non-Segregated Facilities Certification” as required by 41 C.F.R. 60-1.8(b)

**13. COMPLIANCE WITH LAWS.**

A. Seller acknowledges and agrees to comply with all federal, state and local laws, Executive Orders, rules, regulations and ordinances which may be applicable to Seller’s performance of its obligations and duties required by this Agreement, and this Agreement shall include and incorporate by reference all the clauses required by the provisions of said laws, orders and regulations. Seller agrees that it will perform its duties and obligations under the Agreement so as to satisfy current government 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. Seller shall certify to Buyer that any hazardous substances furnished pursuant to this Agreement have been properly labeled and that proper information of the substances has been provided to Buyer pursuant to any federal, state or local laws and regulations. Seller agrees that it will perform its duties and obligations under this Agreement so as to protect the environment, prevent pollution and waste, obey environmental legislation and regulations and continually improve Seller’s policies to further protect the environment.

**14. BUYER’S PROPERTY.**

A. Any and all job specific drawings, software programs, specialty equipment or information created and specifically paid for by Buyer: patterns, tools, dies, jigs, fixtures, blueprints, designs, specifications, drawings, photographic negatives, positives, artwork, copy layout, consigned material for production or repair and other items furnished by Buyer, either directly or indirectly, to Seller to perform this Agreement or for which Seller has been reimbursed by Buyer, shall be used by Seller only to complete orders for Buyer under this Agreement, shall remain the property of Buyer and shall be returned by Seller to Buyer when no longer required under this Agreement or when this Agreement is completed, whichever comes first.

B. Seller shall bear the risk of loss of and damage to Buyer’s property and Seller, at its own expense, shall keep such property insured for the benefit of Buyer. Buyer’s property shall at all times be properly housed and maintained by Seller; shall not be used by Seller for any purpose other than the performance of this order; shall be deemed to be personalty; shall be conspicuously marked by Seller to identify same as the property of Buyer and indicate the Buyer’s name; shall not be commingled with the property of Seller or with that of any third person and shall not be moved from Seller’s premises without Buyer’s prior written approval. Upon the request of Buyer, such property shall be immediately released to Buyer or

delivered to Buyer by Seller, either FOB transport equipment at Seller's plant, properly packaged and marked in accordance with the requirements of the carrier selected by Buyer to transport such property, or in any location designated by Buyer, in which event Buyer shall pay to the Seller the reasonable cost of delivering such property to such location. Buyer shall have the right to enter onto Seller's property and premises at all reasonable times to inspect such property and Seller's records with respect to such property.

- C. All tools and equipment are to be made by Seller to Buyer's tooling and equipment specifications.

**15. ADVERTISING/PUBLICATIONS.**

- A. Seller shall not, without first obtaining the written consent of Buyer, in any manner advertise, publish, or convey by word of mouth that Seller has contracted with Buyer to furnish Buyer the Product covered in this Agreement.

**16. FORCE MAJEURE.**

- A. Either Buyer or Seller may suspend performance during the occurrence of an excusable delay, which shall be defined as: any delay not occasioned by the fault or negligence of the delayed party and which results from the acts of God or public enemy, restrictions, prohibitions, or allocations imposed by governmental authority, embargoes, floods, fires, typhoons, earthquakes, epidemics, unusually severe weather, delays of similar nature or governmental causes. Excusable delays do not include lockout, strikes or labor disputes, shortage of labor, lack of or inability to obtain raw materials, fuel or supplies or any other industrial disturbance. The nonperforming party shall promptly notify the other party of the cause of any such delay. Buyer may cancel any deliveries not made as specified or procure Product from another source during any period of suspension or excusable delay.

**17. INDEMNIFICATION.**

- A. Seller agrees to indemnify, defend and hold Buyer harmless from any and all lawsuits, claims, fines, costs, losses, liabilities and damages, including any special, consequential, punitive and exemplary damages and costs (including reasonable attorney fees) which Buyer may suffer or sustain or be in any way subjected to on account of injury to, or death of, any persons, or damage to or loss of property arising out of performance of this Agreement by Seller, its employees, agents, contractors or sub-contractors or representatives, or the use or sale of any Product by Buyer or Buyer's customers. Seller shall carry and maintain insurance coverage sufficient to cover the above, and, upon Buyer's request, shall furnish Buyer with satisfactory evidence of such insurance.

- B. If Seller performs any work on Buyer's premises or utilizes the property of Buyer, whether on or off Buyer's premises, Seller shall indemnify and hold Buyer harmless from and against any liabilities, claims, demands or expenses (including reasonable attorney fees) for damages to the property of or injuries (including death) to Buyer, its employees or any other person arising from or in connection with Seller's performance of work or use of Buyer's property except for such liability claim, or demands arising out of the sole negligence of Buyer.
- C. Seller agrees to defend, hold harmless and indemnify Buyer against all claims, demands, losses, suits, damages, liability and expenses (including reasonable attorney fees) arising out of any suit, claim or action for actual or alleged direct or contributory infringement of or inducement to infringe, any United States or foreign patent, trademark, copyright or industrial design right by reason of the manufacture, use or sale of any Product, goods or services ordered under this Agreement, including infringement arising out of compliance with specifications furnished by Buyer or for actual or alleged misuse or misappropriation of a trade secret resulting directly or indirectly from Seller's actions. Seller agrees to waive any claim against Buyer, including claims arising out of compliance with specifications furnished by Buyer. Seller agrees to grant to Buyer a worldwide, nonexclusive royalty-free, irrevocable license to repair and have repaired, to reconstruct and have reconstructed, to make or have made the goods ordered under this Agreement. Seller assigns to Buyer all right, title and interest in and to all trademarks, copyrights and industrial design rights in any material created for Buyer under this Agreement. Seller agrees that technical information and data furnished to Buyer in connection with this Agreement are disclosed on a nonconfidential basis.

**18. PROPRIETARY RIGHTS.**

- A. Seller acknowledges that any Product and/or other deliverables provided to Buyer under this Agreement shall be original to Seller and shall not incorporate any intellectual property rights (including copyright, patent, trade secret, mask work or trademark rights of any third party).
- B. Any Product and/or other deliverables are owned by Buyer and not by Seller. Such Product and/or deliverables include copyrightable works of original authorship (including but not limited to computer programs, technical specifications, documentation and manuals, ideas, inventions (whether patentable, patented or not), know-how, processes, compilations of information, trademarks, and other intellectual property. Seller agrees that all works of original authorship created by Seller in connection with this Agreement are "works made for hire" as that term is used in connection with the United States Copyright Act. To the extent that, by operation of law, Seller owns any intellectual property rights in any of the Product and/or other deliverables, Seller hereby assigns to Buyer all rights,

title and interest, including copyrights and patent rights in such Product and/or deliverables.

- C. Seller agrees to ensure that any subcontractors to Seller shall have contracts or agreements with Seller in writing consistent with the terms of this subsection.

**19. CUSTOMS DRAWBACK DOCUMENTS.**

- A. Upon request, any Seller located outside the continental United States of America shall promptly furnish all documents required for customs drawback purposes, properly completed, in accordance with government regulations applicable thereto. Unless otherwise stated in this Agreement or any related document, all customs drawback will be credited to the Buyer.

**20. NAFTA PROVISIONS/CERTIFICATES.**

- A. Upon acceptance of this Agreement, Seller is obligated to provide the Buyer with NAFTA certificates of origin for all Components and Raw Material supplied for the duration of this Agreement. The Certificates of Origin must include Buyer's plant location as supplied. Seller must submit completed NAFTA Certificates of Origin to Buyer's Purchasing Department, ATTN: Materials Manager.

**21. SETOFF.**

- A. In addition to any right of setoff or recoupment provided by law, all amounts due Seller shall be considered net of indebtedness or obligations of Seller to Buyer and/or its direct or indirect subsidiaries, and Buyer may deduct any amounts due or to become due from Seller to Buyer and/or its direct or indirect subsidiaries from any sums due or to become due from Buyer to Seller.

**22. ARBITRATION.**

- A. This Agreement shall be governed by the laws of the State of Michigan. Any disputes arising from this Agreement shall be finally settled by arbitration before the American Arbitration Association ("AAA"), Detroit Michigan, pursuant to the AAA commercial arbitration rules then in effect. The decision of the arbitrator shall be final and binding upon Buyer and Seller, shall not be appealable and judgment on the award rendered may be entered in any court of competent jurisdiction.

**23. LIMITATION OF ACTION.**

- A. Buyer and Seller agree that the period of commencement on any action, suit or legal proceedings related to this Agreement or to any default or

alleged default hereunder, must be commenced within two (2) years from the date of the event giving rise to the claim.

**24. INSOLVENCY.**

A. Buyer may immediately cancel this Agreement and any order placed hereunder without any liability to Seller in the event of the happening of any of the following or any other comparable event: the insolvency of Seller; the filing of a voluntary petition in bankruptcy by Seller; the filing of an involuntary petition in bankruptcy against Seller; the appointment of a receiver or trustee for Seller; the execution of an assignment for the benefit of creditors of Seller, provided that such petition, appointment or assignment if made or filed involuntarily against Seller is not vacated or nullified within fifteen (15) calendar days of such an event.

**25. NOTICES.**

A. All notices required by this Agreement shall be in writing. Notices in writing shall be sufficient if mailed by Buyer to Seller at whatever address Buyer has for Seller.

**26. MISCELLANEOUS.**

A. Section headings are for reference purposes only and shall not affect the interpretation or meaning of any Section or subsection of this Agreement.