

General Terms of Purchase Applicable to Businesses (valid as of April 2009)

These General Terms of Purchase (hereinafter "these Terms") of ETO MAGNETIC (hereinafter "ETO") apply to all purchase contracts, contracts for work and service contracts with the supplier or any other service provider (hereinafter the "Supplier"). Acceptance of this Order constitutes acceptance of all of the terms and conditions contained herein to the exclusion of any other or conflicting terms and conditions. Any provision of Supplier's quotations, offers, invoices, billing statements, acknowledgment forms or similar documents which are inconsistent with these Terms are expressly rejected by ETO and shall be of no force and effect. Supplier's delivery of goods or any other acts of acceptance shall be construed as a waiver of any additional or different terms proposed by Supplier, even if ETO accepts any delivery without reservation while being aware of any deviating or conflicting general terms and conditions of the Supplier.

Orders / Confidentiality

Orders shall be valid only if made by ETO in writing. Oral orders will be deemed agreed only if confirmed in writing by ETO's Head of Purchasing. ETO will provide such written confirmation to the Supplier for information; the confirmation will then be deemed a written order.

Items manufactured according to the proposals and drawings of ETO must not be delivered to or sampled by third parties except with the written approval of ETO. All drawings, specifications and data in oral or written form (the "Confidential Information") furnished to Supplier shall remain the property of ETO and shall not be disclosed or used except as required by law or by this Order. Supplier shall not make any copies, notes in any form or media with respect to the Confidential Information. Supplier shall not divulge, publish or reproduce in any way in any media or in any way make known to any other person, firm, corporation, or other entity any of the Confidential Information, or retain or use the Confidential Information, directly or indirectly for Supplier's benefit or that of any person, firm, corporation or entity without the prior written consent of ETO.

Any Confidential Information, drawings, samples or other documents shall be returned to ETO without further request following completion of the order unless they have been used up according to their purpose.

Confirmation

To accept this order, the Supplier will provide ETO, within 3 workdays, a written order acceptance indicating the delivery dates as set forth herein.

Reservation

ETO may make changes to the order in terms of the order quantity if the economic situation or the demand quantities from ETO customers change substantially. If this leads to a change in costs of the Supplier and/or to the delivery period required for execution of the order, the purchase price and/or the delivery period shall be adjusted reasonably, taking into consideration both ETO's and the Supplier's interests. Any requests for adjustments by the Supplier shall require written approval from ETO prior to implementation of any changes. ETO shall not withhold such approval other than for good cause.

Special obligations of the Supplier/Indemnity

As an expert in its field, the Supplier is aware of the needs and requirements of the automotive and/or mechanical engineering industry, especially in terms of quality, costs and observance of the agreed dates; the Supplier agrees to meet those needs and requirements. Deliveries must comply with the rules and standards of this industry and the rules of law and standards applicable with respect to health, safety, environmental protection and labor law in the concerned countries in which the delivery items are manufactured or the products will be sold to the knowledge of the Supplier. Supplier shall, upon demand, fully indemnify and hold ETO harmless from any and all losses, costs, damages, expenses, penalties, fines, settlement and/or compromise payments, including, but not limited to ETO's reasonable attorneys' fees (through all appellate and enforcement or collection proceedings), occasioned by or resulting from the breach or nonperformance of any agreement, covenant, representation or warranty, express or implied, of Supplier or breach of industry rules and standards. This indemnification includes, but is not limited to, claims asserted against ETO by employees, agents and subcontractors of ETO or subsequent buyers or users of the services performed or items sold under this Purchase Order.

Cancellations/Changes

ETO reserves the right to cancel the order for good cause, in whole or in part. Upon receipt by the Supplier of a written notice of cancellation from ETO, the Supplier will be obligated to cease any work with respect to the concerned order. ETO agrees to pay for any goods already accepted according to the price agreement made. ETO will also pay to the Supplier the agreed price for goods already finished and will reimburse the Supplier for expenditure incurred by it for partially finished goods and/or for raw material ordered by it to perform the order. The Supplier agrees to follow the instructions of ETO concerning the use of such items or material. In no event shall ETO have any liability for loss of anticipatory profits of either Supplier or Supplier's suppliers. Verbal Instructions or agreements relative to or altering this Order in any way will not be recognized. Any changes which result in an increase in Supplier's price or which alter the specifications of the goods or services sold must be agreed to in a writing signed and dated by both ETO and Supplier.

Delivery period

The delivery dates stated in the order acceptance shall be binding. Time is of the essence of this Order. Unless otherwise expressly indicated, date(s) specified for ETO's receipt of the goods or services ordered is a requirement of the contract between ETO and Supplier. The Supplier agrees to notify ETO immediately in writing if any circumstance becomes recognizable for the Supplier which suggests that an agreed delivery date cannot be met.

If the Supplier performs late, ETO shall have such rights as provided by the Uniform Commercial Code including but not limited to the right to rescind the contract and/or demand damages instead of performance. Any rush deliveries required because of the delayed delivery and any extra costs resulting from the delayed delivery shall be reimbursed by the Supplier. This obligation to compensate damage will not apply if the Supplier is not responsible for the delay due to the occurrence of a force majeure such as an act of God, war or labor strike.

Transfer of ownership

Ownership to any delivery item will pass to ETO once ETO obtains possession of such item.

If ETO has made down payments on the delivery item, ownership to the item and/or to any raw materials used for its production and to the semi-finished products will, upon making of such down payment, pass to ETO on a pro-rata basis. ETO will acquire co-ownership according to the paid shares. In that case, until passing of possession, a bailment relationship will exist between the parties according to which the Supplier will allow possession to the contractual items to ETO at the ratio of the down payment made by ETO. Any extended or enlarged reservation of title of the Supplier with respect to the delivery item shall be specifically excluded.

Liability for defects of quality/quantity or otherwise

SUPPLIER WARRANTS THAT ALL MATERIAL AND WORK COVERED BY THIS ORDER WILL CONFORM TO THE SPECIFICATIONS, DRAWINGS OR OTHER DESCRIPTION FURNISHED OR SPECIFIED BY ETO AND WILL BE MERCHANTABILITY, OF GOOD MATERIAL AND WORKMANSHIP AND FREE FROM DEFECT. SUPPLIER FURTHER WARRANTS THAT ALL GOODS AND SERVICES COVERED BY THIS ORDER SHALL BE FIT AND SUFFICIENT FOR THE PURPOSE INTENDED. THE WARRANTIES AND REMEDIES PROVIDED FOR IN THIS ORDER SHALL BE IN ADDITION TO THOSE IMPLIED BY LAW AND SHALL EXIST NOTWITHSTANDING THE ACCEPTANCE BY ETO OF ALL OR PART OF THE GOODS OR SERVICES WITH RESPECT TO WHICH SUCH WARRANTIES AND REMEDIES ARE GIVEN. ALL WARRANTIES SHALL RUN TO ETO, ITS SUCCESSORS, ASSIGNS AND CUSTOMERS AND TO THE USERS OF ITS PRODUCTS. IN THE EVENT THAT DELIVERY OR QUALITY OF THE ITEMS OF WORK AND MATERIAL ARE NOT AS WARRANTED, SUPPLIER SHALL, IN ADDITION TO ITS OBLIGATION TO ETO, ASSUME ALL FINANCIAL RESPONSIBILITY FOR ETO'S COST IN REMEDYING ANY ACTION OR CLAIM ASSERTED AGAINST ETO BY ETO'S CUSTOMERS AND THE USERS OF ETO'S PRODUCTS INCLUDING, BUT NOT LIMITED TO, ETO'S LOSS, COSTS, DAMAGES, CHARGES AND ATTORNEY FEES. The Supplier agrees to inspect the goods to be delivered prior to their dispatch to ETO. ETO shall satisfy the commercial obligation of inspection and complaint according to the Uniform Commercial Code as adopted in the State of Michigan as follows: The obligation to inspect the goods shall be limited to defects which are obvious in a check on incoming goods by an external inspection based on sampling (shipping damage, externally visible defects, wrong delivery and short delivery). In all cases, the complaint notice (notice of defect) will be deemed to have been made without undue delay and in reasonable time if received by the Supplier within 5 working days. Hidden defects shall be disclosed by ETO within five days after they have been established. The confirmation of incoming goods and payment of the purchase price will not be deemed an acceptance by ETO of the merchandise. Subsequent discovered shortages or deficiencies in quality or functional performance will entitle ETO to appropriate credit by Supplier and rejected items may be returned at Supplier's risk and expense. In the event Supplier breaches any of the terms and conditions of the Purchase Order, including any breach of warranties given under this Purchase Order or imposed by law, ETO shall have all the rights and remedies provided to a buyer by the Uniform Commercial Code, as adopted by the State of Michigan, including the right to recover any incidental, consequential, special or indirect damages, including, without limitation, lost profits and damages for business interruption, anticipatory or otherwise, resulting from said breach(es). In addition ETO shall be entitled to collect all attorney's fees, costs and expenses incurred by ETO seeking to enforce any of the terms and conditions of this Purchase Order up through and including all appellate and enforcement proceedings. ETO reserves the right to cancel this Order in whole or in part on account of defects in material, equipment, workmanship or quality, if materials or articles are not shipped as scheduled, or if it shall appear to ETO that Supplier is failing to make adequate progress on the Order, or upon Supplier's failure to comply with any terms or conditions of this Order. ETO also reserves the right to cancel this Order or any part thereof in the event of insolvency or bankruptcy of Supplier. The claims of ETO on the basis of defects of the delivered products will become time-barred according to statute. If the Supplier is liable for defects of title, however, claims will become time-barred no earlier than three years after delivery.

Seller's Remedies. If ETO wrongfully rejects or revokes acceptance of goods or fails to make payment due on or before or before delivery or repudiates with respect to a part or the whole, or breaches this Purchase Order in any other respect, then Supplier's exclusive remedy against ETO is limited to recovery of the price for goods already delivered or resale of the goods directly affected in a commercially reasonable manner and recovery of the differences between the contract price and the resale price, if any, less any expenses saved in consequence of ETO's breach. Any recovery by Supplier under this Purchase Order is strictly limited by and shall not exceed the price set forth in the Purchase Order. In any event, ETO shall not be liable to Supplier for any consequential, indirect, incidental or special damages, including any profits lost by Supplier or any of Supplier's suppliers.

Insurance

The Supplier shall take out public liability insurance with extended product liability and recall cost coverage with an insurance company reasonably acceptable to ETO and will prove the existence of such insurance to ETO upon request with certificates setting forth the amounts of coverage, policy numbers and expiration dates of all applicable policies. Taking out such insurance shall not limit the liability of the Supplier.

Intellectual property rights

The Supplier shall be responsible for the validity of the intellectual and industrial property rights concerning the delivered goods and for unrestricted usability of the delivered items with respect to the intellectual and industrial property rights of third parties. The Supplier warrants that no rights of third parties will be infringed in connection with its delivery. The Supplier will defend and indemnify ETO from and against any lawsuits and/or claims made by third parties against ETO on the basis of an infringement of intellectual property and/or industrial property rights. This indemnification will include any expenses necessarily incurred by ETO under or in connection with any claims made against ETO by a third party. The Supplier will support ETO in defending any such claims.

Prices / Incoterms

The prices stated in the order shall apply. The prices are fixed prices and cannot be changed unilaterally. Supplier expressly assumes the risk of any event or cause (whether or not foreseen) affecting such prices, including, but not limited to, any foreign exchange rate changes, increases in raw materials costs, inflation, increases in labor and other manufacturing costs. Supplier represents that the price or prices specified in the Order do not exceed Supplier's current selling prices for the same or substantially similar items, whether to government agencies or any other purchaser, taking into account the quantity purchased. Supplier further agrees that it will reduce proportionally its quoted prices to ETO if there shall be a general reduction, before delivery, of similar items to the trade. Unless stated otherwise in the order, the delivery terms DDP ("Delivery Duty Paid" according to Incoterms 2000) are agreed.

Assignment

The rights and obligations of the Supplier under this Agreement may not be assigned without ETO's express written permission.

Invoicing

Invoices shall be delivered to ETO immediately upon delivery and shall include the order date and number as well as a description of the goods delivered. The Supplier must address the invoice to the address appearing on the face of the order form. Invoices must not be attached to the goods. The period allowed for payment shall start on the day the invoice is received by ETO.

Payment terms

Invoices of the Supplier will be paid after receipt and examination of the goods by ETO within 60 days net or 30 days subject to 2% discount. Payments will be made once a week as collective payment within the payment periods.

Packaging and shipping documents

The Supplier agrees to package the delivery items such as required according to type of item and the kind of storage and shipment so as to ensure that the delivery items will be dispatched to ETO in an unobjectionable condition.

Packaging will be paid by ETO only if this has been expressly agreed. The packing slip must indicate the content of each delivery, specifying the number of pieces and/or weight.

Detailed information regarding the packaging and shipping requirements to be satisfied by the Supplier are defined in ETO's Logistics Guidelines and may be inspected on the ETO website. The Supplier will be liable for all damage (destruction, short quantities, partial damage, etc.) caused to the delivery items by improper or insufficient packaging.

Validity

The invalidity or unenforceability of any particular provision of these terms and conditions shall not affect the other provisions hereof, and these terms and conditions shall be construed in all respects as if such invalid or unenforceable provision were omitted and replaced with another valid and enforceable provision which comes as close as possible to the financial purpose of that provision. The parties shall execute a written amendment to these terms and conditions setting forth the replacement term(s) as soon as possible after learning of the invalidity or unenforceability of any such provision. Any gaps in the terms of this agreement shall be completed with the relevant term of the Uniform Commercial Code.

Applicable law / place of performance

This Order and the terms and conditions herein shall be construed according to the laws of the State of Michigan, without giving effect to choice of law principles. Supplier consents to the jurisdiction of the state courts in Kent County, Michigan or the United States District Court in Grand Rapids, Michigan. All rights and remedies of ETO as herein specified shall be cumulative and in addition to any other or further remedies provided in law or equity.