



STANDARD TERMS AND CONDITIONS

The following terms and conditions form part of each proposal submitted by Stoneridge ("Seller") for the sale of products to the purchasing customer ("Buyer"). BY PLACING AN ORDER FOR THE GOODS WHICH ARE THE SUBJECT OF THIS QUOTATION, BUYER WILL BE DEEMED TO HAVE ACCEPTED THESE STANDARD TERMS AND CONDITIONS IN THEIR ENTIRETY WITHOUT MODIFICATION. SELLER SHALL NOT BE BOUND BY BUYER'S ADDITIONS TO, CHANGES IN, MODIFICATIONS OF, OR REVISIONS OF THESE STANDARD TERMS AND CONDITIONS AND SUCH ADDITIONS, CHANGES, MODIFICATIONS AND REVISIONS ARE HEREBY REJECTED BY SELLER UNLESS SELLER EXPRESSLY AGREES TO ACCEPT SUCH PROPOSALS IN A WRITING SIGNED BY THE SELLER.

1. QUOTATIONS-All written quotations are valid for 30 days unless previously revoked by Seller. Notice of revocation of a quotation shall be deemed to have been given when mailed by certified mail, postage prepaid. Verbal quotations are not valid under any circumstances. Orders placed in response to a quotation are subject to final acceptance by Seller.

2. MATERIAL OBSOLESCENCE-This quotation is based on Seller receiving the following scheduling and forecast information. Special scheduling and delivery requirements can be arranged prior to placing orders.

- 26 week planning forecast
- 8 week material authorization
- 8 weeks of firm fabrication orders

3. TITLE AND DELIVERY-Shipments of goods from Seller will be delivered F.O.B. shipping point unless otherwise negotiated in writing. Title, risk in the goods and liability for loss or damage shall pass to Buyer upon Seller's tender of delivery of the goods to a carrier for shipment to Buyer. Any subsequent loss shall not relieve Buyer from its obligations hereunder. International shipments of goods shall be sold F.O.B. point of manufacture, and title and liability for loss or damage shall pass to Buyer immediately upon transfer to Buyer's designated or appointed carrier for shipment. Buyer shall reimburse Seller for costs of insurance and transportation on such international shipments and shall be responsible for any taxes, duties on tooling or components, and any other expenses incurred or licenses or clearances required at port of entry and destination.

4. TERMS OF PAYMENT-Unless otherwise specified, terms of payment shall be net 30 days from date of invoice. The amount of credit or terms of payment may be changed or credit withdrawn at any time for any reason. If outstanding payments due in the current or previous months are not received when due, interest will be billed at the rate of one and one half percent of the unpaid balance each month, or at the highest interest rate allowed under applicable law, whichever is lower, compounded monthly until paid. For orders having a total net price of US\$250,000 or greater, Seller reserves the right to request progress or performance payments.

5. SECURITY INTEREST-Until such time as full payment has been made for the goods, Buyer hereby grants to Seller a priority lien, purchase money security interest and/or chattel mortgage in the goods and in any new product if the goods (or any of them) are converted into a new product, whether or not such conversion involves the admixture of any other goods or thing whatsoever and in whatever proportions. The Buyer shall be at liberty to sell the goods and the new products referred to above in the ordinary course of business. Seller shall be granted a security interest in the proceeds of any such sale.

6. BUYER'S POWER OF SALE-The Seller may at any time revoke the Buyer's power to sell the goods or new products if the Buyer is in default for any longer than seven days in the payment of any sum whatsoever due to the Seller (whether in respect of the goods or any other goods supplied at any time by the Seller to the Buyer or for any other reason whatsoever) or if the Seller has bona fide doubts as to the solvency of the Buyer. The Buyer's power to sell the goods or new products referred shall automatically cease if a receiver is appointed over any of the assets or the undertaking of the Buyer or a winding-up order is made against the Buyer or the Buyer goes into voluntary liquidation (otherwise than for the purpose of reconstruction or amalgamation) or the Buyer calls a meeting of or makes any arrangement or composition with creditors or commits an act of bankruptcy. Upon determination of the Buyer's power of sale above, the Buyer shall place the goods and the new products at the disposal of the Seller who shall be entitled to enter upon any premises of the Buyer for the purpose of removing the goods and new products and to remove such goods and new products from the premises (including severance from the realty where necessary).

7. SPECIFICATIONS, DESIGN AND SCOPE CHANGES-Any requests for changes to current specifications or design or scope must be made in writing. In the event such a request for a change in specification or design or scope of any contracted project or production device is accepted by Seller, Seller reserves the right to renegotiate the price of the contract in its entirety. Seller and Buyer agree to work in good faith toward resolution of any disputes relating to changes in specification or design or scope and the resulting economic impacts of such changes and Seller is entitled to recover late fees, billed at the rate of one and one half percent per month compounded monthly, or the highest rate allowable by law, whichever is lower, from the date of implementation of any requested change or the date of any expense incurred by Seller to implement said change should Buyer delay acceptance of the economic impact of the changes.

8. INCREASES IN PRODUCTION COSTS-In the event of extraordinary increases in the market prices of fuels, metals, raw materials, equipment, and other production costs, Seller shall have the right and Buyer shall have the obligation to renegotiate in good faith the price of the goods hereunder not yet shipped; and, if agreement is not reached, Seller shall have the right to cancel this contract without liability.

9. REWORK CHARGES-Under no circumstances will rework charges be accepted without prior written approval from the Seller.

10. QUANTITIES-On orders for special products or materials Seller reserves the right to ship and bill 10 per cent more or less than the quantity specified and performance will be considered complete.

11. QUALITY AND INSPECTION-Non-conforming products may be rejected by Buyer by providing notice of non-conformity to Seller in writing within 10 business days after receipt of products. Any claims for errors, deficiencies or imperfections must be made in writing by Buyer within 10 business days after receipt of products. The absence of any written notice of rejection for non-conformity or a claim for errors, deficiencies or imperfections within 10 business days shall constitute an acceptance in conformity with the purchase order and a waiver of all such claims. If non-conforming products are delivered, Buyer shall not charge Seller for storage and handling, return the products to Seller, or dispose of the products without providing due cause for such actions and without acceptance and authorization from Seller. No deductions for non-conformity from amounts remitted by Buyer to Seller shall be made without Seller's authorization.

12. ERRORS IN QUANTITY-If Buyer receives any merchandise and finds a shortage or excess in quantity of products, Buyer shall, within 24 hours of receipt of the merchandise, advise Seller thereof. Any excess should be returned to Seller via least expensive means at Seller's expense. In the event of a shortage, Seller agrees to cure such default in a timely manner as mutually agreed by Buyer and Seller.

13. CANCELLATION OR DELAY-Buyer may not cancel or direct suspension of manufacture of any order that has been accepted by Seller, except with Seller's written consent and then only upon terms that will compensate Seller for its engineering, fabrications, and purchasing charges and any other costs relating to such cancellation or suspension, plus Seller's anticipated profit from the cancelled portion of the order. In the event of cancellation or delay, Buyer agrees that the charges for any expense incurred by Seller will be promptly paid and that said charges are subject to interest expense at the rate of one and one half percent per month, or at the highest interest rate allowed under applicable law, whichever is lower, compounded monthly, beginning from the date of any expense relating to the cancellation by Buyer. Reduction in order quantity, to the extent agreed to by Seller, in addition to subjecting Buyer to cancellation charges as discussed herein, may result in selling price adjustments. Cancellation charges on completed items will be 100% of the selling price. Seller reserves the right to revise prices of any work in progress the production of which is delayed for a period in excess of 30 days due to any act of Buyer.

14. TERMINATION FOR REASON OF INSOLVENCY-If either party shall become bankrupt or insolvent, or if a receiver or similar official is appointed for all or substantially all of its assets, the other party may terminate this Agreement by giving ten (10) days written notice to such party. In case of such a termination by either party, Buyer will be liable for completed production, for material in process of fabrication for Buyer's order, for material purchased specifically for Buyer and for any related unamortized special costs. Seller will notify Buyer of charges connected with any cancellation or hold order and will allow 90 days for reschedule before scrapping material.

15. SELLER'S RIGHT TO TERMINATE-In the event that Buyer fails to comply with any term of this Agreement or the terms of the Purchase Order, and Buyer fails to cure such default within 10 days after Seller gives notice, Seller may immediately cancel this Agreement in whole or in part without any penalty, damage or payment. In the event of such a termination, Buyer will be liable for completed production, for material in process of fabrication for Buyer's order, for material purchased specifically for Buyer, for any related unamortized special costs, and for Seller's anticipated profit on the remaining portion of the order.

16. SERVICE PARTS-Seller will provide Buyer current model service as mutually agreed for replacement requirements for products sold under the terms of this Agreement. The replacement parts of past model pricing will continue at the existing Original Equipment (OE) pricing for the first three years. After the three year moratorium of replacement part pricing, and based on the released quantity in a 12 month period, the pricing will be the current OE pricing plus agreed adjustments to compensate for reduced volumes. The Seller may adjust the stated past model price to account for changes in any specification, packaging, or special delivery requirements, made at the request of the Buyer, not originally included within the OE Agreement. The Buyer shall not, without prior consent of the Seller, allow any trademarks of the Seller, or other words or marks applied to the product to be altered, obliterated, obscured or omitted nor add any additional marks or words. Unless otherwise stated in writing by the Buyer, the Warranty Period for Seller's products and services shall be one year from the date of delivery to the Buyer.

17. SPECIAL TOOLS, DIES OR FIXTURES-Any special tools, dies or fixtures that are necessary for completion of orders shall be and remain Seller's property and in Seller's sole possession and control, and any charges made by Seller therefor shall be for the use of such equipment only. When, for a period of one year, no orders or releases are accepted from Buyer for products to be made with such tools, dies or fixtures, Seller may dispose thereof as he desires without liability to Buyer. Upon completion of the tools' useful life, the Seller and Buyer shall negotiate in good faith towards their replacement.

18. INTELLECTUAL PROPERTY RIGHTS-If Buyer furnishes the design for the goods or reimburses Seller in whole for designing them, then Buyer will own all intellectual property rights relating to the design. If Seller furnishes the design for the goods at its own expense or bears the cost of designing them, then Seller will own all intellectual property rights relating to the design. In the latter event, Seller hereby grants Buyer a royalty-free license to use such intellectual property to rework, repair, or replace any defective or non-conforming goods.

19. PATENT WARRANTY-Each party warrants to the other that any design that it furnishes hereunder will not infringe or contribute to the infringement of any U.S. or foreign patent or patent right.

20. WARRANTY-Seller expressly warrants that all products sold under this Agreement shall be of merchantable quality and free from mechanical or electrical defects for a period of one year from date of original purchase as marked on the invoice and that all products will be manufactured in conformity with the specifications of Buyer. Seller expressly disclaims any warranty that the products, manufactured to the specifications provided by Buyer, will be fit for their intended purpose. This warranty does not cover altered products or ordinary wear and tear. The warranty shall not apply in respect to goods or services supplied by the Seller which are samples or prototypes or for test or evaluation purposes.

21. BUYER'S REMEDIES-Buyer's sole and exclusive remedy in the event of defects in any product shall be limited to replacement, transportation charges collect, of any product found by Seller to be defective when returned to Seller by Buyer, transportation charges collect via least expensive means. THE LIABILITY OF SELLER, IF ANY, FOR ALL DIRECT DAMAGES, INCLUDING WITHOUT LIMITATION CONTRACT DAMAGES AND DAMAGES FOR INJURIES TO PERSONS OR PROPERTY, WHETHER ARISING FROM SELLER'S BREACH OF THIS AGREEMENT, BREACH OF WARRANTY, INDEMNITY, NEGLIGENCE, STRICT LIABILITY, OR OTHER TORT, OR OTHERWISE WITH RESPECT TO THE GOODS IS LIMITED TO AN AMOUNT NOT TO EXCEED THE PRICE OF THE PARTICULAR GOODS. IN NO EVENT SHALL SELLER BE LIABLE TO BUYER FOR ANY INDIRECT, CONSEQUENTIAL, OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION LOST REVENUES AND PROFITS, EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

22. INDEMNIFICATION-Buyer agrees to indemnify and hold Seller harmless from any liability or obligation, including attorney's fees, expenses and costs, from all claims, whether arising in tort or contract, against Buyer and/or Seller arising out of the application of Seller's products to Buyer's designs and/or Buyer's products or Seller's assistance in the application of Seller's products.

23. FORCE MAJEURE-Seller shall be entitled to delay or cancel delivery of any goods or services covered or reduce the amount delivered if it is prevented from or hindered in or delayed in manufacturing, obtaining or delivering the goods by normal route or means of delivery through any circumstances beyond its control, including but not limited to strikes, lock-outs, accidents, war, fire, reduction in or unavailability of power at manufacturing plant, breakdown of plant or machinery or shortage or unavailability of raw materials from normal source of supply. The Seller will be excused for so long as such event or occurrence continues, provided, however, that the Seller gives written notice of such delay (including anticipated duration of the delay) to the other party as soon as possible after the event or occurrence (but in no event more than seven (7) days thereafter). In the event that one or more deliveries is suspended or delayed by reason of any one or more events or occurrences beyond Seller's control, any and all deliveries suspended or delayed shall be made after such event or circumstance has ceased to exist and nothing herein contained shall be construed as lessening the full amount of merchandise purchased and sold but only as deferring delivery and payment.

24. SEVERABILITY-If any provision of these Standard Terms and Conditions is held invalid or unenforceable under any statute, regulation, ordinance, executive order or other rule of law, such provision will be deemed reformed or deleted, as the case may be, but only to the extent necessary to comply with such statute, regulation, ordinance, order or rule, and the remaining provisions of these Standard Terms and Conditions will remain in full force and effect.

25. ERRORS-Stenographic and clerical errors are subject to correction.

26. FAXES-Faxed documents are considered as legal and binding.

27. CHOICE OF LAW-This agreement shall be construed and interpreted in accordance with the laws of the State of Ohio, United States of America.

28. CONFIDENTIALITY-Buyer and Seller agree to hold the terms of their agreement as strictly confidential between each other, to make no public disclosure thereof, and to limit private disclosure on a need to know basis only to their employees, directors, consultants and Lender; provided, however, that Buyer and Seller further agree that should disclosure of the terms hereof become legally required by court or administrative order the disclosure may be made, but the party so disclosing must give the other party reasonable notice prior to such disclosure.

29. ATTORNEYS FEES-If either party hereto shall at any time institute an action or proceeding against the other party based on an alleged breach or failure to perform under this Agreement, the losing party will reimburse the prevailing party for its reasonable attorney's fees and costs associated with such action or proceeding.

30. ENTIRE AGREEMENT-THIS AGREEMENT AND ANY DOCUMENTS ATTACHED TO THIS AGREEMENT CONSTITUTE THE ENTIRE AGREEMENT BETWEEN BUYER AND SELLER AND THERE ARE NO ORAL PROMISES OR OTHER AGREEMENTS AFFECTING IT. THIS AGREEMENT AND ANY DOCUMENTS ATTACHED TO THIS AGREEMENT ARE INTENDED TO SET FORTH A COMPLETE AND EXCLUSIVE STATEMENT OF THE TERMS AND CONDITIONS FOR THE SALE OF PRODUCTS BY SELLER TO BUYER. NO ADDITIONAL TERMS, CONDITIONS, CONSENT, WAIVER, ALTERATION OR MODIFICATION OF THESE TERMS AND CONDITIONS SHALL BE BINDING UNLESS IN WRITING AND SIGNED BY THE PARTIES.