

FREUDENBERG TERMS AND CONDITIONS OF PURCHASE

1. Acceptance of Purchase Order. This Purchase Order, including the specific order terms which are incorporated herein by reference (collectively, the "Order"), constitutes the terms and conditions by which the Freudenberg entity designated as the buyer on the Order ("Buyer") is to purchase from the party designated as the vendor in the Order ("Seller") the products described on the Order (hereinafter, the "Products"). Seller shall promptly acknowledge receipt of this Purchase Order. Seller shall be deemed to have accepted this Purchase Order by any reasonable indication of acceptance, including without limitation (i) if it fails to object to Buyer, in writing, within five (5) days of receipt of this Purchase Order, or (ii) if it ships the Products to Buyer. Seller's acceptance, however made, is expressly limited to the terms of this Order, and Buyer objects to all additions, exceptions, or changes to these terms whether contained in any printed form of Seller or elsewhere unless expressly approved by Buyer in writing. Any terms and conditions set forth on the front side of the Order shall control over any inconsistent terms or conditions below hereof.

2. Delivery. Unless otherwise directed by Buyer in writing, all deliveries of Products purchased hereunder shall be DDP (delivered duty paid) (INCOTERMS 2000) point of destination. No tender of delivery of Products shall be deemed made to Buyer, and no liability or obligation to inspect the Products shall be imposed on Buyer, unless and until the Products are tendered in precise conformity to the specifications and instructions of the Order (including, but not limited to, specifications and instructions relating to kind, quantity, quality, assortment, labeling and packaging, delivery, shipping, routing, and conformity to specifications, designs, and samples). Delivery of Products shall be in accordance with the delivery schedule set forth on the Order. The time of delivery is of the essence. If Seller's deliveries fail to meet the schedule specified by Buyer, Seller shall, at its expense, upon Buyer's request ship the Products by express shipment, and Seller shall pay the difference between regular freight and express rates (without limiting any other remedies available to Buyer). Seller shall bear the risk of loss and damage until the Products are delivered and accepted by Buyer. Partial shipments are not allowed unless specifically noted by Buyer in this Order. Complete and detailed packing slips must accompany all shipments.

3. Labeling, Packaging. All Products shall be labeled and packaged in accordance with industry standards for container shipment, and any instructions provided by Buyer, including Buyer's part number on all packing slips and Purchase Order on all shipping labels.

4. Non-Conforming Products; Over-Shipments; Substitutions. All Products rejected by Buyer may, at Buyer's discretion, be (i) returned to Seller at Seller's expense, (ii) held by Buyer at Seller's risk and expense, or (iii) accepted by Buyer at an appropriate reduction in price. Buyer may reject other shipments in its sole discretion. Buyer reserves the right to accept some Products in a shipment and reject others. No substitutions of any Products may be made without Buyer's written consent. No charges for extra Products will be allowed unless such Products have been ordered in writing by Buyer and the price agreed upon by Buyer in writing.

5. Price. The price for the Products supplied shall be the amount designated on the Order. Unless otherwise specified, such price includes all charges for cartage, packing, boxing, labeling, hauling, storage, transportation to point of delivery, freight insurance, taxes, and installation. Seller warrants that the prices in this Order are no greater than those currently charged to any other buyer for similar quantities of Products; and Seller agrees that it will notify Buyer in writing of any price reduction extended to others by Seller prior to delivery of the Products and that it shall also extend such reduced price to Buyer from the date that price was first extended to any third party.

6. Payment. Unless otherwise set forth on the Order, Seller shall invoice Buyer upon acceptance of the Products by Buyer. Buyer will pay Seller the price for Products set forth in Section 5 within thirty (30) days after receipt of Seller's invoice. Buyer shall be entitled to a two percent (2%) discount against the purchase price in the event Buyer makes payment within ten (10) days after the later to occur of delivery of the Products or Buyer's receipt of the invoice for the Products. All payments shall be made in U.S. dollars to Seller.

7. Cancellation; Changes. Buyer reserves the right to cancel all or any part of this Order prior to acceptance of the Products, for any reason, including at its convenience, upon written notice to Seller, without liability. Buyer may reschedule delivery of the Products under this Order in whole or in part at no additional charge, provided notice is given prior to the shipment date. Buyer may also at any time make changes in the scope or quantity of the Products, in which event Seller must, within 10 days of Seller's receipt of notice of such changes, notify Buyer of any request for an equitable adjustment to the price or delivery terms to reflect changes in Seller's cost or delivery schedule caused by the changes.

8. Warranties. In addition to all warranties provided by law, Seller expressly warrants, for a period of 24 months, that the Products shall be (i) produced in full compliance with Buyer's specifications and instructions (including without limitation those stated in this Order); (ii) produced to have all the same properties as any samples furnished by or supplied to Seller; (iii) free from defects in design, fabrication, material, workmanship, and manufacture; (iv) merchantable and fit for the purposes intended by Buyer; (v) free from infringement of any patent, copyright, trademark or other proprietary right of a third party; (vi) manufactured, labeled, sold and shipped in compliance with any and all applicable laws, rules and regulations of governmental authorities (including, without limitation, import/export and customs clearance regulations, consumer product safety regulations, environmental laws, equal opportunity laws, child labor laws, and other governmental requirements relating to working conditions); and (vii) free and clear of any security interests, liens, claims or encumbrances.

9. Indemnification. Seller shall indemnify and hold Buyer harmless from any and all claims, suits, actions, liabilities, damages, losses, penalties, costs and expenses (including, without limitation, attorneys' fees) arising out of or relating to any (i) actual or alleged breach of any express or implied warranty, covenant and obligation of Seller; (ii) failure of Seller to deliver the Products on a timely basis in precise conformity with the terms and conditions of this Order; (iii) negligence or any act or omission of Seller in connection with this Order; (iv) claims regarding warnings or failure to warn of Product dangers; (v) claims that the Products are a substantial product hazard and should be repaired or replaced; (vi) injury to person or damage to property occurring as a result of any defect in the Products; and (vii) Product recalls (including direct and indirect costs associated therewith).

10. Insurance. Seller shall maintain for a period of three (3) years after the date of this Order, commercial general liability insurance, including without limitation coverage for products liability/completed operations, contractual liability and personal injury liability, with a limit per occurrence of not less than One Million Dollars (\$1,000,000) and an aggregate limit in an amount of not less than Three Million Dollars (\$3,000,000). Seller shall provide Buyer with certificates evidencing that the insurance required under this Section is in force, upon request from Buyer.

11. Confidentiality. Seller shall not disclose, communicate or otherwise divulge, directly or indirectly, any information (including, without limitation, any of Buyer's specifications, drawings, financial data, engineering plans, customer-related information, designs, trade secrets, know-how, the terms of this Order, or the fact that Seller is selling the Products to Buyer) relating to Buyer or Buyer's products which is acquired by Seller as a result of its provision of Products pursuant to this Order. Such information shall be used solely for the purpose of providing the Products to Buyer and for no other purposes whatsoever, and shall remain solely Buyer's property. Seller shall return such information to Buyer upon request, or upon termination or completion of this Order.

12. Developments. In the event Seller develops any designs, improvements, inventions, works of authorship, or other concepts or items ("Developments") in connection with this Order, Seller agrees to assign to Buyer all right, title and interest in and to such Developments (including any associated copyright, patent and other intellectual property rights). Seller agrees to execute and deliver to Buyer any and all documents requested by Buyer to confirm Buyer's complete ownership of such Developments.

13. Buyer Tooling and Materials. In the event Buyer provides Seller with any raw materials, tooling, equipment, drawings, schematics, dies, patterns, or other items ("Buyer Items") in connection with this Order, Seller acknowledges that all such Buyer Items shall remain the sole and exclusive property of Buyer and are provided to Seller on a commercial bailment basis. Seller agrees that it shall use such Buyer Items solely for the purpose of manufacturing the Products covered by this Order for the benefit of Buyer. Seller shall keep such Buyer Items in a safe, secure and appropriate location, segregated and separate from all other property, goods, or materials owned by Seller or any third parties. Seller shall clearly identify all such Buyer Items as the property of Seller. Seller shall keep all such Buyer Items free and clear from any and all voluntary and involuntary liens, security interests, and encumbrances. Seller hereby waives any rights it may have now or in the future to claim a lien, security interest, or other encumbrance on such Buyer Items. Seller shall be responsible for exercising due care with respect to all such Buyer Items provided to Seller. Seller shall be liable for any loss or damage to such Buyer Items. Buyer shall have the right, at any time and for any reason, to require Seller to return all or any portion of such Buyer Items.

14. Inventory; Discontinued Sales. Seller agrees to maintain a reasonable amount of buffer inventory of the Products ordered by Buyer during the one (1) year period after delivery of the Products under this Order. In the event Seller discontinues the sale of any Products within one (1) year after delivery of the Products under this Order for any reason, Seller shall give Buyer at least ninety (90) days prior written notice of such Product discontinuance, during which time Buyer shall have the option (but not the obligation) to place additional orders for such Products.

15. Customs Documentation. Seller agrees to provide Buyer with a statement of origin and applicable customs documentation for any Products manufactured in whole or in part outside of the USA as well as any requested NAFTA documentation, as applicable.

16. Remedies. If Seller defaults in the performance of this Order, or is in breach of any of its express or implied warranties, Buyer shall be entitled to all remedies available at law or in equity. All rights and remedies of Buyer are cumulative. Payment for all or any part of the Products shall not be deemed a waiver of Buyer's rights and remedies with respect to defective or nonconforming Products, including without limitation Buyer's right to reject the Products, revoke acceptance of the Products, to cancel future deliveries of the Products, and to recover direct, indirect and consequential damages by reason of any defect in the Products.

17. Applicable Law. This Order, the purchase and sale of Products and any dispute or controversy relating thereto, shall be governed and construed according to the laws of the State of North Carolina, excluding its conflict of law principles; and shall not be governed by or construed under the provisions of the 1980 United Nations Convention on the International Sale of Goods.

18. Forum; Venue; Jurisdiction. Any suit, action or other proceeding relating to this Order or the purchase and sale of Products may be instituted and maintained in the state courts of North Carolina, or the United States District Court for the Middle District of North Carolina. Seller consents to the exercise of jurisdiction over it by such courts for the purpose of any such suit, action or proceeding, and agrees that the venue in such courts is appropriate and the forum is not inconvenient.

19. Records; Audits. Seller shall, at all times, keep accurate records of all Products manufactured and sold under this Order for a period of five (5) years. Buyer and its customers shall have the right, at all times, during Seller's normal business hours, in a manner that does not unduly interfere with normal operations and that is respectful of/consistent with Seller's security policies/procedures, to observe, inspect, and/or audit Seller's premises, manufacturing and quality control processes, and records, relative to Products supplied pursuant to this Order.

20. Subcontracting; Assignment. Seller may not assign this Order or subcontract any of its rights, obligations or responsibilities under this Order (by merger, operation of law or otherwise) to any third party without Buyer's prior written consent.

21. Waiver; Amendment. Buyer's failure to enforce its rights as to any violation of any provision (or part thereof) of this Order shall not be deemed a waiver or abandonment of its right to enforce its rights as to any other violation of the same or any other provision. This Order may be amended only by a written instrument signed by an authorized representative of Buyer.

22. Affirmative Action. If applicable to this purchase order or subcontract, the affirmative action clause for disabled workers (41 CFR § 60-741.4), the equal opportunity clause in Section 202 of Executive Order 11246, and the affirmative action clause for disabled veterans and disabled veterans of the Vietnam Era (41 CFR § 60-250.4) are hereby incorporated herein by reference. Further, if applicable, seller agrees to file Standard Form 100 (EEO-1) and the VETS-100.