

ECO VEHICLE SYSTEMS, LLC STANDARD TERMS AND CONDITIONS

These terms and conditions (these "Terms") apply to and are incorporated as a part of every Productive Concepts International, LLC ("EVS") Purchase Order, Supply Agreement, Request for Proposal or Quotation or similar document issued or executed by EVS (each, a "PO"). Except as provided in any executed long-term Supply Agreement, on the face of any PO or in any executed addendum to the PO, all terms and conditions on any document which are contrary to or inconsistent with these Terms are expressly rejected by EVS and waived by the person to whom the PO is issued ("Supplier"). By shipping the goods or services covered by the PO (the "Goods"), Supplier accepts and agrees to be bound by these Terms.

1. ALLOCATION: In the event Supplier is unable to fully supply the Goods to EVS due to circumstances which require Supplier to allocate its shipment of the Goods between Supplier's customers, Supplier will ensure that Supplier allocates the Goods to EVS on a pro rata basis with other customers, based on prior purchases of the Goods.

2. ASSIGNMENT: Supplier may not assign or delegate its obligations under the PO without EVS's prior written consent.

3. CERTIFICATE OF ORIGIN: Supplier will provide a Certificate of Origin for the Goods. If the Goods qualify for preferential treatment under the North American Free Trade Agreement ("NAFTA"), Supplier will provide to EVS a NAFTA Certificate of Origin, United States Customs Form 434, as well as any additional documentation required to certify the origin of the Goods as required by United States customs law, NAFTA, or any other applicable treaty or agreement. Supplier will promptly reimburse EVS for any amounts paid as a duty caused by Supplier's failure to provide to EVS a NAFTA Certificate of Origin as required by this Term.

4. CHANGES: EVS reserves the right at any time to make changes, or direct Supplier to make changes, to drawings and specifications of the Goods or to otherwise change the terms of the PO, and Supplier will promptly make such changes. If any such change affects the cost or timing of Supplier's performance hereunder, the parties will equitably adjust the time for delivery and the price of the Goods to reflect Supplier's documented labor and material cost increases.

5. CHARGE-BACK POLICY: EVS has a charge-back policy for costs incurred as a result of Supplier non-compliance with delivery schedules, EVS's specifications, the PO or these Terms. Time is of the essence with regard to the supply and delivery of the Goods. **Return of Goods:** If Supplier's non-compliance results in EVS no longer needing the Goods, EVS may cancel the PO and/or return the Goods to Supplier, and Supplier will refund the amount paid by EVS for the Goods plus any related costs incurred by EVS. **Production Disruption:** If Supplier's non-compliance results in production disruption at EVS, Supplier will pay \$2,000 per occurrence or EVS's actual costs, whichever is greater. Repair/re-work will be charged at EVS's standardized labor rate. The per-occurrence amount is liquidated damages and not a penalty. **Expedited Delivery:** Supplier will pay for premium freight if necessary to comply with EVS's delivery schedules. EVS may invoice Supplier for the amounts authorized above, which invoice will be paid by Supplier within ten days of receipt, or EVS may offset such amounts against any amounts due from EVS to Supplier.

6. CONFIDENTIAL INFORMATION: Supplier will not use or disclose, or authorize anyone else to use or disclose, any of the terms of the PO, EVS's designs and production methods, assembly and sub-assembly procedures, financial, volume or pricing information or any other secret or confidential information relating to any aspect of the business of EVS (collectively, "Confidential Information") without the prior consent of EVS. Confidential Information will not include information which: (a) is or becomes publicly known through no wrongful act on Supplier's part; (b) is known to Supplier prior to Supplier being notified of any potential confidentiality obligation restricting disclosure, (c) comes into Supplier's possession without any obligation restricting disclosure; (d) is independently developed by Supplier without reference to or use of the Confidential Information; or (e) is disclosed pursuant to an order of a governmental or judicial authority, after prior notice to EVS and affording EVS reasonable opportunity and cooperation to object to the disclosure or obtain a protective order, at EVS's expense. Upon EVS's request, Supplier will immediately deliver to EVS all Confidential Information and all copies and embodiments thereof. In the event that it is impossible to return any Confidential Information (for example, information or back-up copies maintained on a hard drive of a computer), Supplier will cause all such Confidential Information to be destroyed or permanently erased.

7. DELIVERY: EVS requires 100% on-time delivery. Deliveries will be made both in quantities and at times and locations specified in EVS's delivery schedules, F.O.B. Supplier's tender of the Goods to the shipper, at which time title and risk of loss transfers to EVS. Supplier will properly pack, mark, ship and sequence the Goods in accordance with EVS's delivery schedules and will comply with the shipping guidelines set forth in EVS's Quality Manual. EVS will not be required to make payment for Goods delivered to EVS which are in excess of quantities specified in EVS's delivery schedules. EVS's charge-back policy may be applied in the event of Supplier's breach of this Term.

8. DUTY DRAWBACK RIGHT: EVS's purchase of the Goods includes all related customs duty and import drawback rights, if any (including rights developed by substitution and rights which may be acquired from sub-suppliers) which Supplier can transfer to EVS. Supplier will inform EVS of the existence of any such rights and, upon request, supply such documentation as may be required to obtain such drawback rights.

9. FEDERAL MOTOR VEHICLE STANDARDS CERTIFICATION AND COMPLIANCE WITH LAWS: Shipment of the Goods constitutes certification that the Goods in such shipment conform to all applicable federal motor vehicle regulations and safety standards (FMVSS). The Goods will become part of a EVS product covered by FMVSS, and in order to assure compliance with FMVSS, the Goods must be produced in accordance with EVS's drawings and specifications and under strict quality control procedures and practices. Supplier will label all shipping containers requiring such labeling, whether individual or bulk, with the following wording: CONFORMS TO

APPLICABLE FEDERAL MOTOR VEHICLE SAFETY STANDARDS. Supplier will provide the Goods in full compliance with all applicable international treaties or agreements, federal, state and local laws, orders and regulations, including without limitation applicable emissions regulations.

10. GLOBAL SOURCING; C-TPAT: Price quotations must be in US dollars and must provide the exchange rate and date of conversion from Supplier's currency. Suppliers who import to the United States must participate in the worldwide supply chain security initiative, Customs-Trade Partnership Against Terrorism (C-TPAT).

11. GOVERNING LAW AND DISPUTE RESOLUTION: The PO will be construed according to the laws of the State of Indiana without regard to its conflicts of laws provisions. All actions or proceedings in any way, manner or respect arising out of or related to the PO will be litigated only in state or federal courts, as appropriate, located in Union City, Indiana. Supplier consents and submits to jurisdiction in the State of Indiana and waives any right to transfer the venue of any such action or proceeding. Prior to initiating any cause of action, the parties will promptly attempt in good faith to resolve any controversy, claim or dispute of any nature arising out of or relating to the PO by negotiating between executives or managers who have authority to settle such a dispute. The prevailing party in any litigation over such a dispute will be entitled to recover from the non-prevailing party all costs and expenses, including without limitation, reasonable attorneys' fees and costs incurred by such party in connection with such litigation.

12. INDEMNIFICATION: Supplier will indemnify, defend and hold harmless EVS and EVS's affiliates, managers, members, officers, employees, agents, representatives, successors and assigns (collectively, the "EVS Indemnified Parties") from and against any and all third-party actions, claims, demands, suits, liabilities, losses, damages, obligations, judgments, settlements, costs and other expenses (including attorneys' fees, paralegals' fees and legal expenses and court costs) incurred or suffered by any EVS Indemnified Parties which are related to or arise out of any actual or alleged (a) breach by Supplier of any representations, warranties, obligations or covenants of Supplier to EVS under the PO, including, without limitation, the timely delivery of conforming Goods; (b) claim or finding that the Goods have caused or contributed to the death, injury or illness of any person or damage to any property to the extent not caused by EVS; (c) direct or contributory infringement of, or inducement to infringe any patent, trademark, copyright or other proprietary right by reason of the manufacture, use or sale of the Goods (other than infringement of propriety marks arising from intellectual property supplied by EVS or a third party at EVS's direction) or for actual or alleged misuse or misappropriation of a trade secret resulting from Supplier's actions; (d) the failure of Supplier to comply with and observe any applicable federal, state, local or other laws, orders, codes, regulations and ordinances which may be applicable to Supplier, Supplier's business or the Goods, including federal motor vehicle regulations and safety standards (FMVSS); and (e) any product liability or tort claims relating to the Goods.

13. INSPECTION: Acceptance of the Goods will not occur until after EVS's inspection; testing, approval and opportunity for providing notice of non-conformance by EVS at EVS's plant and may occur during assembly and after payment of the invoice. EVS's failure to state a particular defect upon rejection of the Goods will not preclude EVS from relying on unstated defects to justify such rejection. EVS will have the right to enter Supplier's facility at reasonable times to inspect the Goods, materials and any property of EVS.

14. INSURANCE: Supplier will procure and maintain, with insurers reasonably acceptable to EVS, the following types of insurance coverage: (a) workers' compensation for statutory obligations imposed by workers' compensation or occupational disease laws; (b) comprehensive general liability including products/completed operations liability insurance with a vendor's endorsement (broad form) with a minimum coverage of \$1,000,000; (c) employer's liability insurance for personal injury and property damage with a minimum liability coverage of \$2,000,000; (d) comprehensive automobile insurance for personal injury and property damage with a minimum liability coverage of \$1,000,000; and (e) excess/umbrella liability insurance coverage with a minimum coverage of \$10,000,000. Supplier will provide EVS with a certificate of insurance for all policies of insurance required hereunder, stating that the insurer will provide EVS with not less than 30 days advance notice of any cancellation, non-renewal or material change in the insurance coverage and naming EVS as an additional insured thereunder.

15. INVENTIONS AND INNOVATIONS: All rights, title and interest in and to any invention, innovation, design, idea, application, process, improvement, related, directly or indirectly, to the business of EVS, and any written documentation thereof, and all Intellectual Property (as defined below) which Supplier develops or creates in whole or in part using EVS's Confidential Information (as defined elsewhere in these Terms) are "works made for hire" specifically ordered and commissioned for EVS, and will be and remain forever the sole and exclusive property of EVS. Supplier will promptly reveal all information relating to the same to EVS's officers and will cooperate with EVS and execute such documents as may be necessary to enable EVS to obtain any and all copyright, patent, trademark or other intellectual property protection related thereto. "Intellectual Property" includes all trade secrets, copyrights, moral rights, author rights, patents, trademarks (including without limitation registrations and applications, renewals and extensions thereof), and goodwill arising under the laws of the United States or any other state, county or jurisdiction.

16. INVOICING: Supplier will issue and send to EVS invoices upon shipment of the Goods in accordance with EVS delivery schedules. Payment of an invoice will not constitute acceptance. Supplier will not issue an invoice prior to the date the Goods to which such invoice relates are shipped. Time for payment will not begin until invoices are correct and complete, and Supplier's cash discount privileges to EVS will be extended until such time as payment is due. EVS may offset against the amount due under an invoice any amounts due from Supplier to EVS.

17. NON-CONFORMING PARTS: "Non-Conforming Parts" are Goods which are determined by EVS prior to delivery of the finished product to the end user to be not in