

ECO VEHICLE SYSTEMS, LLC STANDARD TERMS AND CONDITIONS

These terms and conditions (these "Terms") apply to and are incorporated as a part of every Eco Vehicle Systems, LLC 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. Non-Circumvent. It is acknowledged that EVS has spent significant time, money, resources and energy preparing a strategic business plan for the opportunity that EVS desires to share with Supplier. Upon acceptance of this Agreement, Supplier agrees to not circumvent EVS and have direct or indirect conversations or prepare alternative business proposals with any entity, potential customer or anyone else.

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 an 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 proprietary 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 therefor), 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.

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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 compliance with the Warranty (as defined elsewhere in these Terms), EVS's specifications or any applicable local, state or federal law or regulation. EVS may, at its option, without limitation or exclusion of any other right or remedy, either (a) return the Non-Conforming Parts for a full refund and reimbursement of shipping costs, or (b) provide notice of the Non-Conforming Parts to Supplier, in which case, Supplier will, at EVS's option, either (i) pay to EVS a labor allowance to repair or replace the Non-Conforming Parts at EVS's standardized labor rate (\$85.00, subject to periodic increase by EVS) plus all incidental costs incurred by EVS, including freight for return to and redelivery from Supplier, or (ii) promptly repair or replace the Non-Conforming Parts at Supplier's cost and expense, including freight for return to and redelivery from Supplier. 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. Supplier will comply with the return procedure and other obligations for Non-Conforming Parts set forth in EVS's Quality Manual. EVS's charge-back policy may be applied in the event of Supplier's breach of this Term.

18. NON-SOLICITATION: So long as EVS is regularly purchasing the Goods from Supplier and for a period of twelve months thereafter, Supplier will not, and will not permit any of Supplier's affiliates to, directly or indirectly, hire, recruit or otherwise solicit or induce any employee, independent contractor, customer or supplier of EVS to terminate its employment or other arrangement with EVS, otherwise change its relationship with EVS or establish any relationship with Supplier or any of Supplier's affiliates for any business purpose deemed competitive with the business of EVS; provided, however, that any solicitation directed at the general public in publications or other media generally available to the public will not be a violation of this Agreement. Supplier acknowledges and agrees that the restrictions set forth in this section are reasonable in terms of duration and scope and that, in addition to any other remedy, such restrictions may be enforced by injunction proceedings (without the necessity of posting bond) to preserve the status quo, restrain a violation thereof and to compel specific performance with respect thereto, whether or not this Agreement has terminated.

19. PRICE: Supplier will furnish the Goods at the prices set forth on the face of or attachment to the PO. If prices are not so stated, then the prices of the Goods will be the lower of the last prices invoiced or quoted to EVS in writing. The prices represent the total amount per item that EVS will be obligated to pay and are inclusive of all applicable taxes and charges for boxing, packing, loading, unloading, cartage and storage. The prices will not be dependent upon delivery location, and Supplier will accommodate EVS's reasonable requests for delivery of the Goods to alternative locations.

20. RECALL: If for any reason EVS trucks containing the Goods are recalled (whether voluntarily or involuntarily), or EVS takes any action with regard to EVS trucks containing the Goods which, in EVS's reasonable discretion, is necessary or advisable to prevent or mitigate any risk to human health, safety, property damage or damage to the business or reputation of EVS, and such recall or other action relates to the Goods, Supplier will bear and reimburse EVS for all costs and expenses relating thereto, including, but not limited to, the costs and expenses of notifying customers, customer refunds, repairing or returning parts, lost profits, labor charges, handling expenses, costs of replacement (regardless of where procured) and any costs or expenses incurred to satisfy obligations to third parties and pursuant to applicable laws, including attorneys' fees and costs. 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. EVS's charge-back policy may be applied in the event of Supplier's breach of this Term.

21. RELATIONSHIP: EVS and Supplier are independent contracting parties, and nothing herein makes either party the agent or legal representative of the other for any purpose, nor does it grant either party any authority to assume or create any obligation on behalf of or in the name of the other party.

22. REMEDIES/DAMAGES: The rights and remedies reserved herein will be cumulative and in addition to all other rights and remedies provided at law or in equity. All remedies will survive the termination of the PO. Neither EVS nor Supplier will be liable for any indirect, special, incidental, consequential or exemplary damages that may in any way be related to the PO.

23. SERVICE PARTS: Upon EVS's request, Supplier will provide the Goods as service parts. Supplier will provide such service parts only to EVS or other parties designated or authorized by EVS. Supplier will furnish the Goods as service parts at the same prices as the prices for the Goods, plus the cost to package and ship the service parts, as applicable. The price of the Goods provided by Supplier as service parts after the use of a particular part or component in the assembly of EVS products is discontinued will be the price on the date of discontinuance plus 15%, plus the cost to package and ship the service parts, as applicable. In the event EVS notifies Supplier of a customer with a unit down, Supplier will rush delivery of service parts at EVS's cost for freight. Supplier will comply with additional requirements for service parts set forth in EVS's Quality Manual.

24. SEVERABILITY: If any term or condition of the PO will be invalid or unenforceable to any extent or in any application, then such term or condition will automatically, and without waiver of any further action, be reformed so as to retain the fullest extent of any restriction therein permitted by law, and the remainder of the PO, and the remainder of such term or condition, will not be affected thereby, and each and every term and condition of the PO will be valid and enforced to the fullest extent and in the broadest application permitted by law.

25. SUPPLIER FINANCIAL CONDITION: It is imperative that EVS has as much advance notice as possible in the event of EVS's inability to provide the Goods or general financial instability. Supplier will notify EVS within ten days of any default or event of default in Supplier's performance or observance of any term, covenant, condition or agreement contained in any of Supplier's loan documents or other material agreements, if such default continues beyond any applicable grace period. Supplier will keep adequate

records and books of account with respect to its business activities and will upon request furnish to EVS copies of Supplier's current quarterly and annual financial statements.

26. TERMINATION: EVS may terminate all or part of the PO at any time by giving written notice to Supplier. Upon such termination, EVS will pay to Supplier the following, subject to EVS's receipt and approval of a termination claim from Supplier: (a) in the case of finished Goods existing as of the date of termination, the price therefor to the extent not previously paid, and (b) in the case of raw materials or work-in-process per Raw and Fab Authorization and existing as of the date of termination, the order price for finished Goods only made using such raw materials and work in process; provided, however, that (i) Supplier will finish and deliver such Goods; and (ii) EVS's purchase obligations upon such termination will not exceed the number of finished Goods customarily ordered by EVS for a 30-day period based on the 30-day historical average ordering activity of EVS. Within 60 days from the effective date of such termination, Supplier will submit a comprehensive termination claim to EVS with regard to the items set forth above with sufficient supporting data to permit EVS's review of the same and will thereafter promptly furnish such supplemental and supporting information as EVS will request. EVS or its agents will have the right to audit and examine all books, records, facilities, work, material, inventories and other items relating to any termination claim of Supplier. In the event such termination is due at least in part to (a) a work stoppage of Supplier (whether by natural causes or economic concerns), (b) Supplier's inability to provide timely delivery, or (c) Supplier's inability to satisfy any obligation relating to the quality of the Goods, EVS will not be obligated to pay for finished Goods, work-in-process or raw materials in amounts in excess of those authorized in delivery releases. Under no circumstances will EVS be obligated to pay for any raw materials, work-in-process or undelivered Goods which are in Supplier's standard stock or which are readily marketable. Supplier may terminate the PO (a) upon at least 90 days prior written notice to EVS, or (b) upon EVS's failure to pay any invoice when due (other than an invoice which is contested in good faith by EVS), provided Supplier provides EVS at least 30 days prior written notice of termination and such invoice is not paid or dispute otherwise resolved within such 30-day period. In the event of any termination of the PO, the parties will cooperate with one another to wind down and/or transition the supply to the Goods to an alternative supplier.

27. TOOLS: All supplies, materials, tools, jigs, dies, gauges, fixtures, molds, patterns, equipment and other items furnished by EVS either directly or indirectly to Supplier for use in connection with the Goods, or for which Supplier has been reimbursed by EVS (collectively, the "Tools"), will be and remain the property of EVS. Supplier will bear the risk of loss of and damage to the Tools. Supplier will comply with the tooling provisions set forth in EVS's Quality Manual.

28. VERIFICATION: Supplier will keep accurate books and records reflecting all obligations arising out of these Terms and the PO. Upon EVS's request, Supplier will provide EVS access to those specific portions of Supplier's books and records relating to these Terms and the PO for the purpose of verifying compliance therewith. EVS may invoice Supplier for any amounts determined during such review to be owed to EVS, which invoice will be paid by Supplier within ten days of receipt, or EVS may credit or offset such amounts against any amounts due from EVS to Supplier. EVS will bear the expense of such review unless such review reveals a breach of these Terms or the PO in excess of \$1,000, in which case in addition to all other remedies that may be available to EVS hereunder, Supplier will pay all costs and expenses of such review (including reasonable fees and expenses of third party auditors and reasonable related legal fees and expenses).

29. WAIVER: EVS's failure at any time to require performance by Supplier of any provision of the PO will in no way affect EVS's right to require such performance at any time thereafter, nor will EVS's waiver of Supplier's breach of any provision of the PO constitute a waiver of any succeeding breach of the same or any other provision. Any waiver of any of the terms of the PO or these Terms must be in writing signed by EVS.

30. WARRANTY: Supplier expressly warrants to EVS and EVS's customers that during the Warranty period commencing on the date that the EVS truck on which the Goods are installed is placed in service by the end user (the "Warranty Period"), the Goods will: (a) conform to EVS's specifications, quality control standards, instructions, drawings, samples, descriptions and designs; (b) be merchantable; (c) not be defective in design, materials or workmanship; (d) be fit and sufficient for the particular purposes and uses intended by EVS and its customers; (e) be new and made without any used or remanufactured materials; and (f) not be encumbered by any lien, security interest or other encumbrance (collectively, the "Warranty"). Supplier will reimburse EVS for costs incurred relating to such warranty claims, including replacement Goods, a labor allowance to repair or replace the defective Goods at EVS's standardized labor rate, other field replacement costs and any incidental costs incurred by EVS, including freight for return to and redelivery from Supplier of the defective and replacement Goods. Supplier will pay warranty claims by check or wire transfer as directed by EVS, within ten days of Supplier's receipt of such warranty claims, or EVS may offset such amounts against any amounts due from EVS to Supplier. Supplier will establish and maintain quality and control procedures necessary to ensure efficient and proper handling of EVS's warranty claims. In the event that EVS experiences a Latent Defect on any Parts, EVS may provide Supplier with a Defect Notice. Supplier will conduct a root cause analysis of the Latent Defect, with reasonable assistance from EVS, and develop an effective, lasting remedy for the Latent Defect that is mutually satisfactory to EVS and Supplier. If Supplier has not developed an effective and lasting remedy for the Latent Defect that is satisfactory to EVS and commenced implementation of same by the end of the Defect Cure Period, then Supplier will either refund the Price of the Parts with the Latent Defect or provide some other resolution acceptable to EVS. For all emissions system parts and components, Supplier will comply with the Emissions System Components Warranty set forth in EVS's Quality Manual. EVS's charge-back policy may be applied in the event of Supplier's breach of this Term.