



FRISA FORJADOS S.A. DE C.V.

General Terms & Conditions

1. **DEFINITIONS:** "Seller" means FRISA Forjados S.A. de C.V. "Buyer" means the business entity buying goods or services from "Seller" with a purchase order or other procurement document
2. **ACCEPTANCE/CONTRACT FORMATION.** The Parties agree that these general terms and conditions of sale (the "Seller Terms and Conditions") apply to all quotations and offers made by the Seller and purchase orders performed by Buyer. To the extent that the Seller Terms and Conditions conflict with or are different from those contained in any Buyer purchase order or other procurement document, the Seller Terms and Conditions will control and any additional or inconsistent terms are rejected by Seller unless Seller's acceptance thereof is in writing and expressly refers to each such additional or conflicting term. Buyer's acceptance of, or payment, for goods will confirm Buyer's assent to the Seller Terms and Conditions.
3. **ORDER ACKNOWLEDGMENT.** The order must be confirmed by an acknowledgment from the Seller; this document must contain price, quantity and part number confirmation. This document must be submitted within 5 work days from receipt of order. If the confirmation is not received within these 5 days the order shall be deemed accepted.
4. **RAW MATERIAL**
 - 3.1. Materials and testing are in accordance to the Specification provided by Buyer. The materials shall conform to the required chemical composition and mechanical properties for the grade ordered and described in the Specification.
 - 3.2. **SUPPLIER:** Materials shall come from sources certified by the Buyer or by the Seller following approval by the Buyer of the Supplier's certification procedure. The Seller shall make available to the Buyer all documents certifying the quantity, origin, quality and the controls it has made or which have been made by certified organizations upon its request in connection with such raw material stock.
 - 3.3. **LEAD TIME:** Purchased orders may not request a required delivery date that is shorter than the Part/Product Lead Time. Part/Product Lead Time means the Raw Material Lead Time plus the production cycle time required from the delivery of materials at Seller's facility to the completion of production. Raw material Lead Time will be determined by Seller's suppliers and it will be notified to Buyer once the Seller received the quotation request.
 - 3..3.1. **PULL-IN/PUSH OUTS:** Buyer shall not make changes to the requested delivery dates once the Purchase Order has been confirmed by Seller. Seller reserves the right not to accept pull/push the deliveries in/out unless previous agreement by both parties.
- 3.4. **LIABILITY:** Seller will place an order to material suppliers/sources in order to meet the Buyer requirements once (i) the Buyer send the Purchase Order signed and (ii) the Buyer receive the Seller's confirmation and acknowledgment of the Purchase Order.
 - 4..4.1. **FORECAST:** If the Buyer provides a forecast assuming annual quantities along with a Purchasing Letter of Commitment signed, materials will be purchased by Seller based on the requirements of the Buyer's forecast. Forecast is considered cancelled if (i) Seller received receipt or cancellation notice from Buyer or if (ii) materials are purchased by Seller to meet the Buyer's forecast and such materials remain on hand at Seller's facility for 30 days or more. Upon cancellation, the Buyer is responsible for and will pay Seller for the materials at 100% of the cost. Seller will use reasonable commercial efforts, including the mutual involvement of Buyer, to return unused inventory for full refund, net of restocking charges and to cancel open Purchase Order with Seller's suppliers. Seller shall invoice Buyer and Buyer will pay for the inventory and cancellation charges. Payment terms will be net thirty (30) days from the date of invoice.

4..4.2. SAFETY STOCK: Seller reserves the right not to make available a safety stock unless previous agreement.

3.5. DIRECTED BUY: Seller accepts to supply parts using materials purchased from a Directed Source provided by Buyer taking into consideration the following terms: (i) prices from Directed Sources are subject to change effective as per Seller's supplier notification (ii) if the Buyer's demand decrease or if the Buyer push deliveries out, Seller can return excess material to the directed source and the charges involved will be cover by Buyer (iii) if the Buyer's demand increase, Seller will inform Directed Source the new demand and delivery dates will be determined according to the raw material lead team provide by Directed Source and production capacity of the Seller's plant.

5. PRICES

4.1. Buyer shall pay the prices for parts specified in Seller's Quote or as otherwise quoted at the time the purchaser orders are submitted to Seller.

4.2. The price includes all the costs and expenses incurred by Seller for the production of the parts and it will be in the currency stated in the quotation.

4.3. Risk Analysis has been performed and evaluated and it is included in the price.

4.4. All pricing is calculated based on the Incoterm stated in the quotation.

4.4. Deflation is not included in any contracted price.

4.5. Invoices shall be drawn by the Seller in accordance with applicable regulations and include, in addition to legal notices the following elements:

- The invoice number
- The order number
- The item number in the order
- The invoice date
- The BOL
- Part number
- Shipping address
- A description of the part/piece

5. DELIVERY/SHIPMENT DATES: All shipping and delivery dates are approximate. Actual shipping date will be determined at the time the order is placed based on factory order backlog and it can be modified

considering the following lead times: (i) raw material lead time; (ii) try-outs lead time; (iii) cut-ups lead time (iv) tooling lead time.

5.1. DELAYS: Seller shall not be responsible for any prohibition, failure, interruption or delay in manufacture or delivery that may be caused by sabotage, fire, flood, explosion, labor dispute, strike, work stoppage, riot, insurrection, war, terrorist act, government order, or priorities granted by request of or for the benefit, directly or indirectly, of any governmental body, authority or agency, shortage of raw materials or supplies, natural disaster, insufficient capacity, or any other cause beyond Seller's control. In the event of any such prohibition, failure, interruption or delay, Seller may, at its sole option, extend delivery time for a period equal to the time lost by reason of delay, plus such additional time as may be reasonably necessary to overcome the effect of the delay.

5..1.1. Seller shall inform Buyer within 5 working days of any unplanned production stoppage or withdrawal from its catalogue of Supply

5..1.2. A Shutdown of the Seller Production Plant for improvements and maintenance in equipment will take place during the month of December and it will last two weeks.

5.2. RISK OF LOSS: Unless otherwise specifically stated on a document of sale agreed to in writing by Seller, delivery shall occur and risk of loss shall pass to Buyer upon delivery of the material to a carrier at point of shipment according to Incoterm previously agreed. Any claim for loss or damage in transit shall be against the carrier only.

6. CANCELTION OF PURCHASE ORDER: The Buyer may cancel his order only upon a written notice and upon payment to Seller of reasonable and proper cancellation charges:

Cancellation Charges:	% of selling price
Before factory release	20% (in case Seller is allowed to cancel the raw material order with the supplier) or the equivalent of the raw material cost (in case Seller cannot cancel the raw material order with the supplier)
1 week after release	70
2 weeks after release	80
3 weeks after release	90
4 weeks after release	100

Seller shall invoice Buyer and Buyer will pay for the inventory and cancellation charges. Payment terms will be net thirty (30) days from the date of invoice.

7. TOOLING

7.1. Buyer shall be responsible for implicit cost of the tooling

7.1. Unless otherwise expressly agreed, all tools, dies, fixtures, jigs, gauges, and related drawings and designs shall be and remain Seller's property and shall be held by Seller at its disposal. Buyer shall be responsible for all costs of maintenance, repair and replacement of any such items, whether owned by Seller or Buyer, if used exclusively for the manufacture or processing of materials by Seller for Buyer.

7.2. If at any time a period of 12 months has lapsed since the receipt of any order from Buyer requiring the use of such tools, die, patterns, jigs, gauges or fixtures, etc. Seller may thereafter make any such used of disposition of such items as Seller desires, without any accounting to Buyer for such use of disposition, or the proceeds thereof.

8. MODIFICATION TO SPECIFICATIONS

8.1. The buyer may modify at any time the Specification that shall be applied to the Purchase Order. The Seller shall provide to the Buyer an assessment of the modification and its impact on prices, deadlines, quality, the specialized tooling require and the precise situation with respect to stock and work-in-process.

8.2. Buyer shall provide the Purchased order Amendment including the conditions agreed between the parties for the future deliveries and costs related to such modification shall be cover by Buyer.

9. APPROVALS CYCLE:

Description	For Approval Update	For New Approval
Mailing of Approvals (Weeks)	2	4
Customer Approvals Return (Weeks)	2	2

9.1. Approval cycle involves all kinds of approvals required by Seller from the Buyer including FAIRs, MoMs, COS Drawings and Furnace Approvals. If the Buyer exceeds the approval cycle time allowed, the shipment date will be extended to the extra time taken by Buyer.

10. PAYMENT: Except as otherwise agreed to by Seller in writing, the following payment terms apply:

10.1. Buyer shall pay Seller all invoiced amounts in the currency stated on the invoice(s) and without right of set-off within the credit terms stipulated in the Quotation. Seller shall be entitled to payment of all charges associated with Seller's performance of services and/or delivery of products.

10.2. NEW BUYERS: For the first two Purchase Orders with a price of less than U.S. \$ 10,000 and upon Seller approving credit, Buyer shall pay Seller all invoiced amounts (100%) within 15 days from date of the Purchase Order acknowledgement by Seller. For the first two Purchase Orders with a price of U.S. \$10,000 or more, progress payment shall be due starting with fifty percent (50%) of the Purchase Order price upon the earlier Purchase Order signature or issuance of Seller's Purchase Order acknowledgement and the remaining fifty percent (50%) of the Purchase Order price is received when the part(s) are ready to be shipped.

10.4. LATE PAYMENT: The unpaid portion of amounts more than 20 days overdue is resulting in the stoppage of shipments and/or production from Seller. In addition, the unpaid portion of amounts due shall bear interest at the rate of 1.5% or the maximum interest rate permitted by law, whichever is less, for each calendar month that the payment is overdue. If the amount continues unpaid 60 days after due date, Seller shall be entitled to take legal action to demand the amount overdue plus interest. If at any time Seller reasonably determines that Buyer's financial condition or payment history does not justify the unpaid portions of amounts due, Seller shall be entitled to suspend the following deliveries or terminate the Contract and also, Seller shall be entitled to change the credit terms requiring full or partial payment in advance for future Purchase Orders. Seller's accounts receivable department will be sending reminders/warnings every week in order to inform Buyer about these actions/consequences.

10.4. PROMPT PAYMENT DISCOUNT: Discount for prompt payment means an invoice payment reduction offered by the Seller for payment prior to the due date. Seller accepts on annual percentage rate (annual discount) for prompt payment upon mutual agreement of the parties based on the total amount purchased by Buyer per year and the contract extension. The Buyer will have access to discount rate of each invoice if the Buyer pays the invoice in the first days after the invoice is issued.

11. INSPECTION AND WITNESS TEST

11.1. If Buyer wishes to inspect the Equipment or to witness any tests, such viewing will be mutually agreed and Seller will give Buyer seven 7 days' notice in writing of when the System will be available for the performance of Factory Witness Tests and this viewing should not exceed the 7 days agreed.

11.2. For Factory Witness tests, Seller will charge ten percent (10%) of the Purchased Order per Buyer representative. This price does not include any travel expense. Buyer representative (maximum 1 person) is responsible for furnishing his own transportation, lodging and food expense. In the event that Buyer or Buyer representative fail to attend the Factory on the due date, Seller will be entitled to proceed in their absence and the results of such witness tests will be deemed to be in accordance with the Factory Acceptance Test certificate issued by Seller. Such certificate may record that the Factory witness test were carried out in the absence of Buyer representative and/or that the System passed the witness test subject to reservations relating to minor defects, which are to be remedied by Seller at a time to be agreed. If the Factory Witness Test shows that the System meets the Specification and if Buyer representative has attended the Factory, then Buyer representative will sign a Factory Acceptance Test certificate accordingly. The Factory Acceptance Test certificate may record that the System has passed the Factory Acceptance Tests but subject to reservations relating to minor defects which will be remedied by Seller at a time to be agreed. If during the Factory Witness Test any of the System is found not to be in accordance with the Specification, Seller will promptly remedy the defect. Thereafter (save in the case of minor defects not affecting the functionality of the System) the Factory Witness Tests will be repeated, insofar as it is necessary to demonstrate that the System fully conforms to the Specification.

11.3. If the Buyer wishes any tests to be repeated or any additional test to be performed, Buyer will be responsible of all the cost associated of testing.

12. DEVELOPMENT PARTS CYCLE

12.1. Buyer knows and agrees the fact that the part to be developed may to be totally new or it may be redesigned or adapted from an existing and, in either case, the optimum process consists of many stages (production cycle) and this cycle may last a long time before

the try-out part is completed and ready to be shipped and delivered to the Buyer.

12.2. Raw material to be used to the development parts will be ordered according to the progress of the project/development. Seller shall be entitled to order raw material for the try out part and the validation batch only. If the project/development is successful until the end of the forging operation, Seller will order raw material for the (2nd) second and (3rd) third batch. If the project/development continues to be successful until the end of the forging operation of the (2nd) second and (3rd) third batch, the delivery/shipment dates will be updated accordingly and Seller will be committed to such delivery/shipment dates updated.

12.3. Seller reserves the right to modify the duration of the production lead time for the try-out part and the validation batch. If the Buyer exceeds the approval cycle time allowed (see the point 9 of the FRISA FORJADOS S.A. DE C.V. terms and conditions) the shipment date will be extended to the extra time taken by Buyer.

13. INTELLECTUAL PROPERTY

13.1. The Seller shall own all Intellectual Property and tangible work product conceived, created, acquired, or first reduced to practice in connection with an Order, including but not limited to Results.

13.2. The Seller reserves the right to use the Results for research, development and statistical purposes in addition to the performance of the Order.

13.3. Seller represents and warrants that Seller has sufficient rights in all Supplies, Services, and Intellectual Property and other items that Supplier uses or transfers to Buyer in connection with the Order to allow Supplier to lawfully comply with the Order and use the Supply.

14. TRANSFER /SUBCONTRACTING

14.1. The Seller reserves de right to transfer all or part of the manufacturing process to facilities within the organization that complies with the requirements established in the order.

14.2. The Seller reserves de right to subcontract machining, inspection, testing and heat treat capabilities with a third party who complies with the requirements established in the order.

15. WARRANTY

15.1 The Seller warrants that the part/pieces shall be (i) merchantable and fir for the purpose intended; (ii) new (iii) free for defects in design, in manufacturing or in operating defects as well as against

any defects in materials and parts comprising an assembly. The Seller warrants the proper performance of the services in accordance with the contractual documents. Any items not manufactured by Seller shall carry only the warranty that the original manufactures provide and Seller gives no warranty on behalf of the manufacturers of such items.

15.2. RE-WORK/REJECTION: The Warranty shall cover any part correction, refurbishment or replacement. The warranty covers parts, labor, transport, travel and custom duties but it will not cover the cost of disassembly, handling and reassembly of the parts.

15..2.1. Unless otherwise stated in the Contract/Purchase order, the warranty period shall be (12) twelve months from shipment of the parts following the written notice of the defect of malfunction sent by the Buyer and the RMA (Return Material Authorization) provided by the Seller.

15..2.2. Any part replaced or repaired shall be guaranteed, under the same conditions above. In the event the Seller does not perform its warranty duties, the Buyer reserves the right to perform or have a third party perform the necessary works at the Seller's expense.

15..2.3. CORRECTIVE ACTION. Material or services found to have quality problem will results in a formal request for corrective action by the Seller. Such request requires a timely response.

16. CODE OF ETHICS: Seller solemnly declares that:

16.1. It has not infringed any anti-corruption laws or regulations.

16.2. It has not been subject to any civil or criminal sanctions, in Mexico or abroad, for violation or anti-corruption laws or regulations and that no investigation or proceedings which could lead to such sanctions have been brought against it.

16.3. Seller will not be able to receive, directly or indirectly, any gift, present, payment, remuneration or benefit whatsoever (trip, etc.) to anyone with a view to or in exchange for the conclusion of the purchase order.

16.4. In the event of failure to comply with this clause, the Seller shall automatically have the right to terminate the Orders in progress with immediate effect and without compensation and without prejudice to any other remedies the Buyer may request from the Seller.

17. APPLICABLE LAW

17.1. FRISA FORJADOS S.A. DE C.V. terms and conditions and accompanying sales documentation shall be construed in accordance with the laws of Mexico, without application of conflict of law principles.

17.2. The parties agree that, in any effort to enforce the terms and obligations hereunder, the complaining party will first notify the other party in writing of the alleged dispute and the parties will attempt in good faith to resolve the dispute through prompt discussion and meeting between representatives having decision-making authority regarding the dispute. If the dispute is not resolved by the 30th day after written notice of the dispute was first made, the parties agree to engage in non-binding mediation in Mexico, using a neutral mediator mutually agreed to and paid for by the parties. If mediation does not resolve the dispute, the parties may resolve the dispute through appropriate legal action. Legal action may be brought only in the state and federal courts located in Mexico, and the parties consent to the jurisdiction of such courts. Both parties expressly agree to waive all rights to a trial by jury for any claims or disputes arising under this contract.

17.3. Neither party will have any rights to set-off hereunder.

18. TERMINATION

18.1. The Buyer shall be entitled to terminate the order under the terms and conditions referred to in article 6 "Cancellation of Purchase Order".

18.2. The Seller shall be entitled to place on hold or terminate the order when Buyer fails to perform under the terms and conditions referred to in article 10 "Payment".

18.3. Upon expiration of the order, or following its termination for any reason whatsoever, the Seller reserves the right to perform under the terms and conditions referred to in article 7 "Tooling".

18.4. In all cases of termination referred to hereinabove, each Party shall still be required to comply with all its contractual obligations until the effective date of termination, without prejudice to any damage that the non-defaulting Party may be able to claim as compensation for the damage incurred as a result of the non-performance by the defaulting Party of the obligations set forth in the contractual documents.