

ALLISON TRANSMISSION (SHANGHAI) CO., LTD.

TERMS AND CONDITIONS OF SALE

ALLISON TRANSMISSION (SHANGHAI) CO., LTD.'s ACCEPTANCE OF BUYER'S PURCHASE ORDER IS EXPRESSLY CONDITIONED ON THE BUYER'S ASSENT TO AND ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS. The terms "purchase order" or "order" for the purposes of these Terms and Conditions of Sale (hereinafter "Agreement") include the term "request for quotation," as appropriate. The following are terms and conditions by which Allison Transmission (Shanghai) Co., Ltd. ("Seller") will sell its products to Buyer. Receipt of this Agreement by Buyer without prompt written objection thereto shall constitute an acceptance of this Agreement by Buyer. This Agreement shall supersede all written or printed terms set forth in any purchase order issued by Buyer. This Agreement supersedes all prior written understandings, assurances, and offers. No reference herein to Buyer's purchase order shall in any way incorporate different or additional terms or conditions which are hereby objected to. No terms or conditions other than those stated herein, and no agreement or understanding, oral or written, in any way purporting to modify the terms and conditions of this Agreement shall be binding on Seller unless expressly accepted in writing by a duly authorized representative of Seller.

**1. PRICES AND PAYMENT:**

(a) The prices specified herein or otherwise stated, in writing, by Seller are subject to change, without notice, to prices in effect at the time of each shipment. Seller shall submit invoices to Buyer stating amounts due. Payment terms are the 25th day of the month following the date the invoice is issued, unless otherwise agreed to, in writing, by Seller. Payment shall be made in United States Dollar, as applicable and authorized by Seller, and received by the Seller on or before the due dates. (b) The prices of products are exclusive of all applicable taxes (including without limitation, value added tax (VAT), local and central sales tax and service tax and other taxes, octroi, entry tax, charges, if any) which shall be additional. Any tax imposed by any governmental authority on the sale of products referred to in this Agreement shall be paid by Buyer, in addition to the selling price specified by Seller. Any and all additional charges, such as, but not limited to, freight charges, insurance premiums, fees for export, transit, import and other permits, as well as for certifications, shall be the responsibility of Buyer and shall be borne by Buyer. (c) Seller reserves the right to assess, at its discretion, a late payment charge equal to eighteen percent (18%) per annum on past due balances owed Seller upon failure of Buyer to comply with this Agreement. Provided however, that in the event that applicable governmental law sets a maximum rate for late payment fees which is less than eighteen percent (18%) per annum, then the late payment charge assessed hereunder shall be set at the maximum rate permitted by law. (d) All prices as set out in Seller's price list are subject to change without notice and are not guaranteed against change. Printing and clerical errors made by Seller on a quotation, an acknowledgement or an invoice shall be subject to correction. In the event of a price change, orders on hand will be invoiced at prices effective at date of shipment. All prices quoted for specific supplies, in writing, by Seller are only valid for acceptance and placement of order within a fixed period as stated on the quotation. Upon request, Seller will re-quote when the acceptance period has lapsed.

## **2. INSPECTION, DELIVERY, SHIPPING, AND PACKING:**

(a) Inspection of products shall be done by Buyer or its assigned representative at Buyer's facility. Inspection of products, including final inspection of completed products or in-process inspection of products, at Seller's facility is not permitted unless approved by Seller in advance in writing. (b) Delivery schedules are based upon current production capacities, material or component availability, and inventory, and may be changed by Seller as conditions require. Seller shall not be liable for any consequences of any delay in meeting those estimated delivery dates/ schedules. (c) Unless otherwise agreed in writing between Buyer and Seller, all products shall be sold "Incoterms 2000, Exworks, Seller's facility. In either instance, title and risk of loss shall pass to Buyer upon delivery to the carrier at Seller's factory. (d) All claims for loss or damage to products while in the care, custody, and/or control of a carrier shall be the responsibility of Buyer, who shall submit any claims to that carrier. (e) Shipments hereunder shall be at all times subject to the approval of Seller's Credit Department. When deemed necessary, Seller may require Buyer to provide pre-payment or documentary credit before shipment of the products will take place. (f) Seller shall pack, mark, and ship the products according to its standard commercial procedures for shipment, unless the parties agree, in writing, that Seller shall comply with any special instructions provided by Buyer. Compliance with special instructions or other special services requested by Buyer and accepted by Seller may result in an increased price and will be separately charged to Buyer.

## **3. RETENTION OF TITLE:**

Seller expressly retains title and ownership of the products until Buyer has fulfilled all its obligations arising out of the Agreement and any other agreements entered into with Seller or any other monetary obligations Buyer has towards Seller. Until full payment has been received by Seller, Buyer is not entitled to give third parties a security interest in the products.

## **4. PRODUCT CHANGES:**

(a) All orders are subject to approval and acceptance in writing by a duly authorized representative of Seller. The Agreement between the parties is deemed to be effective only when Seller confirms its acceptance to an order in writing. Seller reserves the right to change without notice the design of, the quality system, or the process of manufacturing, the products covered by this Agreement; provided that the foregoing shall not be construed as relieving Seller from its obligation to deliver products which conform to any specifications, drawings, and prints which Seller may have furnished to Buyer. Seller will design, manufacture, assemble and test all product in accordance with Seller's quality system unless otherwise agreed to in writing with the Buyer. (b) If Buyer desires product, process, or quality system changes, including but not limited to the adoption of Buyer-specific requirements, Buyer shall submit a written request to Seller for consideration. Within a reasonable period thereafter, Seller shall notify Buyer of its acceptance or rejection of the proposal. Seller's failure to notify Buyer of Buyer's proposed product changes means Seller has rejected Buyer's proposal. If Buyer's request for product, process, or quality system changes is accepted by Seller, and the product, process, or quality system changes cause an increase or decrease in the cost of the product, the manufacturing process, or the delivery schedule, Buyer shall make, in writing, an equitable adjustment in the price or delivery schedule, or both that is acceptable to Seller.

## **5. TECHNICAL INFORMATION:**

(a) All engineering designs, data and specifications, processes, and quality system data provided by Seller are proprietary and shall not be disclosed or reused by Buyer without the prior written consent of Seller. (b) Seller makes available to Buyer "Tech Data" via the Seller extranet. The "Tech Data" provides application and installation guidelines for Seller's products. These guidelines provide the minimum acceptable standards/requirements for product operation and durability under normal vocational usage. It is the responsibility of the Buyer to follow and comply with Seller's Tech Data and otherwise properly integrate the products into the overall vehicle design and performance. It is also the Buyer's responsibility to ensure that the vehicle meets all applicable government regulations and customer requirements in all operating environments to which the vehicle will be subjected. (c) Seller also publishes Operator's Manuals and warning placards for many of its products. The Operator's Manual and placards contain important information concerning the safe and proper operation and maintenance of the products. It is the Buyer's responsibility to properly communicate this important information to the vehicle's operator or end user. While many Buyer's choose to incorporate this information into their own vehicle manuals and warnings, the Operator's Manual and placards are available from Seller upon request.

## **6. WARRANTY:**

(a) Seller's Standard Commercial Warranty relating to products is applicable to this Agreement. (b) NO OTHER WARRANTIES, EXPRESS OR IMPLIED, ARE MADE WITH RESPECT TO THE PRODUCTS INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. (c) The provisions of this warranty shall not apply to products (1) used for the purposes for which they are not designed or intended; (2) which have been repaired or altered without Seller's prior written consent; (3) which have been subjected to misuse, negligence, accident, or improper installation; or (4) which, based on Seller's examination, do not disclose to Seller's satisfaction nonconformance to the warranty.

## **7. BUYER'S REMEDIES:**

The Buyer's exclusive and sole remedy on account of or in respect of the furnishing of products that do not conform to this Agreement shall be to secure replacement or repair of the products, at Seller's option, thereof. In no event shall the Seller's maximum liability exceed the selling price for the products claimed to be nonconforming.

## **8. LIMITATION OF LIABILITY:**

IN NO EVENT SHALL SELLER BE LIABLE FOR SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF REVENUE, LOSS OF USE OF THE PRODUCTS OR OTHER EQUIPMENT, DOWNTIME COSTS OR CLAIMS OF BUYER'S CUSTOMERS, WHETHER BASED ON CONTRACT, TORT (INCLUDING STRICT LIABILITY OR NEGLIGENCE) OR OTHERWISE, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

## **9. DEFENSE, INDEMNIFICATION AND HOLD HARMLESS:**

Buyer SHALL DEFEND, INDEMNIFY, AND HOLD HARMLESS Seller and Seller's parent(s), subsidiaries, divisions, affiliated companies and their respective directors, officers, agents, insurers, employees and

representatives (collectively referred to as the "Seller Group"), from and against any and all claims, suits, causes of action, liabilities, losses (including death, personal injury and property damage), judgments, obligations, fines, damages, penalties, expenses, attorneys fees, settlement funds, and consequential and incidental damages, of any kind or character regardless of theory (including, but not limited to, breach of contract, breach of warranty, tort (including negligence), strict liability, environmental laws, intellectual property rights or otherwise), arising out of or in any manner relating to or attributable to or allegedly arising out of or in any manner relating to or attributable to the Products. This agreement to indemnify, hold harmless and defend applies if the act(s) or omission(s) complained of were caused or allegedly caused only in part by the negligence of the Seller Group, but this agreement to indemnify, hold harmless and defend does not apply where the act(s) or omission(s) complained of were caused or allegedly caused solely by the negligence of the Seller Group. BUYER MAY NOT BRING ANY ACTION ARISING OUT OF ANY CLAIMED BREACH BY SELLER OF THIS AGREEMENT MORE THAN ONE (1) YEAR AFTER THE CAUSE OF ACTION HAS ARISEN, except as otherwise stipulated by the applicable local laws and regulations.

#### **10. PATENT INFRINGEMENT DISCLAIMER:**

Seller does not represent that the products may be used, sold, or transferred without infringing patents or other proprietary rights of third parties. Seller does not assume any responsibility nor shall Seller have any liability whatsoever for the infringement by Buyer, its suppliers or its customers of any patent or other proprietary right owned or controlled by any third party.

#### **11. FORCE MAJEURE:**

Any delay or failure of Seller to perform its obligations hereunder shall be excused to the extent that it is caused by an event or occurrence beyond its control such as, by way of example and not by way of limitation, acts of God, actions by any governmental authority (whether valid or invalid), governmental laws and regulations not presently in effect, any governmental action or inaction (whether valid or invalid), fires, floods, windstorms, explosions, civil commotion, riots, terrorist act, natural disasters, wars, sabotage, accidents, labor problems (including lockouts, strikes and slowdowns) at Seller's facility, its source plant or their suppliers, inability to obtain power, material, labor, equipment, or transportation, shortage of fuel or raw materials, late or deficient delivery by subcontractors of raw materials, semi-finished or finished goods or court injunction or order. Seller reserves the right in its sole discretion to determine the assignment of materials and the order of priority in filling orders.

#### **12. GOVERNING LAW:**

This Agreement and any disputes or controversies arising hereunder shall be governed by and construed according to the law of the People's Republic of China.

**13. ENTIRE AGREEMENT:** This Agreement, together with any attachments, exhibits, or supplements specifically referenced in this Agreement, shall constitute the entire agreement between the parties hereto and shall supersede all previous communications, representations, or agreements, either oral or written, between the parties hereto with respect to the subject matter hereof. This Agreement shall be considered a waiver to any Buyer requirement unless otherwise submitted by Buyer and accepted in writing by Seller as outlined in Section 4. Product Changes above or as may be noted otherwise in this Agreement.

**14. AMENDMENT:** No agreement or understanding varying or expanding this Agreement shall be binding upon either party hereto unless it is in writing and signed by a duly authorized representative thereof.

**15. SEVERABILITY:** If any provision of this Agreement shall be held to be invalid, illegal, or unenforceable under any statute, regulation, ordinance, executive order, or other rule of law, that provision shall be deemed severed to the extent necessary to comply with such statute, regulation, ordinance, order, or rule. In the event such provision is deemed severed, the parties shall negotiate in good faith to arrive at an alternative arrangement approximating the original business objective of the parties. The remaining terms and conditions of this Agreement shall remain in effect.

**16. ASSIGNMENT:**

This Agreement is not assignable by Buyer without Seller's prior written approval.

**17. NO IMPLIED WAIVER:** The failure of either party at any time to require performance by the other party of any provision of this Agreement shall in no way affect the right to require such performance at any time thereafter, nor shall the waiver of either party of a breach of any provision of this Agreement constitute a waiver of any succeeding breach of the same or any other provision.

**18. NO AGENCY:**

Neither party shall be deemed to be an agent or legal representative of the other party, nor is any joint venture or partnership relationship hereby created and neither party is authorized to create any obligation on behalf of the other party.

**19. TERMINATION:** This Agreement may be terminated by either party by giving ninety (90) days' written notice to the other party in the event of failure by such other party to fulfill any of its obligations hereunder. However, if during the period of such notice, such other party remedies such failure, this Agreement shall continue with the same force and effect as if such notice had not been given. Seller may immediately terminate this Agreement, in whole or in part, at its sole discretion, upon giving written notice to Buyer.

**20. INSOLVENCY:** In the event of the insolvency or bankruptcy of Buyer, or upon the appointment of a receiver for Buyer or its reorganization for the benefit of creditors, Seller may terminate this Agreement. In the event of termination in accordance with this paragraph, Seller shall not be obligated to deliver any products under this Agreement.

**21. ATTORNEY'S FEES:**

In the event Seller should bring an action for enforcement of this Agreement, Buyer agrees that Seller shall be entitled to award of its reasonable attorney's fees and court costs associated with such enforcement proceedings.

**22. CUMULATIVE REMEDIES:**

The rights and remedies herein reserved to Seller shall be cumulative and additional to any other or further rights and remedies provided at law or equity.

**23. EXPORT LAWS:** This Agreement shall be subject to, and Seller and Buyer shall comply with, all export control laws, regulations, rules, orders, licenses, requirements, and governmental requests now or

hereafter in effect in the United States of America. To the extent any sale of products pursuant to this Agreement may require approval of the United States Government, Seller's obligations under this Agreement are conditioned upon the grant of such approval and upon compliance by Buyer with any restrictions imposed by the United States Government in connection with such approval.

**24. NO INDUCEMENTS:**

The parties hereto represent to each other and each agrees that, neither it nor any person acting on its behalf has, in contravention of any applicable law, given or offered to give, or will give or offer to give, any sum of money or other material consideration to any person, directly or indirectly, as an inducement to obtain business hereunder or to influence the granting of licenses or other governmental permissions to enter into this Agreement or perform obligations hereunder.

**25. RETURNABLE CONTAINERS:** If Seller provides product to Buyer in a shipping container that is to be returned to Seller (each, a "Container"), Buyer shall be solely responsible for returning the Container to Seller and paying any and all freight costs and expenses to return the Container to Seller. Buyer shall promptly return any Container to Seller, but in the event that Buyer does not return a Container to Seller within thirty (30) days of Buyer's receipt of such Container, then Buyer will be charged for the cost of such Container.

**26. OFFICIAL TEXT:**

The official text of this Agreement is in the English language. If this Agreement is translated into another language, the English text shall govern any question with respect to interpretation.