

Supply Chain Policy

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Mission Statement

Our mission is to be the automotive industry's benchmark for value in mobile climate control products. Our goal is to provide world class service and quality while fostering employee teamwork and preserving the environment.

Purchase Order Terms and Conditions

1. GENERAL:

The terms and conditions set forth below together with those appearing on the face of this order, and any attachments hereto constitute a Contract (the "Contract") between Standard Motor Products, Inc., and its affiliates (hereinafter referred to as "Buyer") and the party identified on the face of this order (hereinafter referred to as "Supplier"). In the event of a conflict between the terms and conditions governing the Contract and those contained in a written purchase agreement, supply agreement or a professional services agreement, agreed to by the parties to this Contract, the subject of which is the goods and/or services (the "Goods" and "Services", respectively) being acquired under the Contract, respectively, the terms and conditions contained in such purchase agreement, supply agreement or professional services agreement shall supersede the terms and conditions governing the Contract. Supplier must acknowledge acceptance of the Contract by signing and returning a signed copy of the Contract. Supplier may use Supplier's own form of acknowledgement, however Buyer expressly limits acceptance of the Contract to the terms of the Contract. Notification is hereby given to the Supplier that Buyer objects to the inclusion of any terms and conditions contained in the acknowledgement which are additional to or different from the terms and conditions contained in this Contract. Accordingly, in the event of a conflict between Suppliers' form of acknowledgement and the Contract, the terms and

conditions of the Contract shall govern. The existence of the Contract, and or details thereof, including, but not limited to pricing, quantities and specifications, shall be deemed confidential and shall not be disclosed to third parties. All specifications, drawings and data submitted to Supplier with this Contract, of referred to by this Contract, are hereby incorporated herein and made part of the Contract.

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2. PRICES AND INVOICES:

Prices: Supplier shall grant Buyer Supplier's most-favored pricing. The Contract shall not be filled at prices higher than those appearing on the face of the Contract. If prices are not specified, prices shall be understood to be no higher than Supplier's last invoice, unless Supplier has submitted a lower quotation. In the event of a price increase, Supplier's new pricing must be submitted for written approval in the fiscal fourth quarter of the current calendar year, unless prior written approval has been obtained from the Buyer.

Payment Terms: Payment for Goods and/or Services shipped or provided shall be due net sixty (60) days after the later of (a) date of Supplier's invoice or (b) delivery of such Goods and/or Services covered by the invoice to the Buyer's facility, unless otherwise expressly agreed by Supplier pursuant to an accepted purchase order. Payment by Buyer for Goods and/or Services will not constitute acceptance of Goods and/or Services, nor impair Buyer's right to inspect Goods and/or Services, or invoke any of its remedies. For payments via wire transfer, Supplier shall provide Buyer with Supplier's banking details including supplier's account number, bank name, branch name, branch address, branch telephone number, branch telefax number, branch telex, e-mail address, Swift and ABA numbers.

Invoice: All invoices shall reference the Buyer's purchase order number and Buyer's part number (s) referenced therein. All invoices shall be in English and denominated in U.S. dollars.

Title: It is agreed that title to any Goods specified herein shall pass to Buyer based on the trade terms specified herein, as defined in International Chamber of Commerce publication 460, INCOTERMS 1990. The trade terms specified herein shall appear on all invoices in the same form provided herein.

Risk of Loss: Risk of loss, damage or other injury to the Goods, shall remain with Supplier until delivery of the Goods to the Buyer's facility, at which time all such risk shall pass to Buyer.

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3. SHIPMENT AND DELIVERY:

Delivery: Time is of the essence in this Contract. If delivery of Goods is not made in the quantities and at the times specified, or rendering of Services is not completed at the times specified, Buyer reserves the right without liability, and in addition to its other rights and remedies to take either or both of the following actions:

- a. Direct expediting and/or routings of Goods (the difference in cost between the expedited and the order routing cost shall be paid by the Supplier). An expedited routing is any method of shipment other than that specified on the Contract that will speed up the shipment and receipt of the Contract.
- b. Terminate the Contract by notice, effective pursuant to Clause 18, as to stated Goods not yet shipped or Services not yet rendered, and to purchase substitute Goods or Services elsewhere and charge Supplier with any loss incurred.

Neither party shall be liable for excess cost of deliveries or default due to causes beyond its control and without its fault or negligence; *provided, however*, that when Supplier has reason to believe that deliveries will not be made as scheduled, written notice setting forth the cause of the anticipated delay will be given immediately to Buyer. If Supplier's delay or default is caused by a delay or default of a subcontractor, such delay or default shall be excusable only if it arose out of causes beyond the control of both Supplier and subcontractor and without the fault or negligence of each of them and the Goods to be furnished or Services to be rendered were not obtainable from other sources in sufficient time to permit Supplier to meet the required delivery or performance scheduled.

Partial Shipments: If only a portion of Goods is available for shipment to meet the requested date on the purchase order, Supplier shall ship the available Goods unless otherwise directed by Buyer to reschedule shipment.

Excess Shipments: Any shipments in excess of the order quantity on the purchase order must be approved in advance and in writing by Buyer. Buyer reserves the right to refuse or reject all shipments over and above the quantity specified in this Contract. Buyer shall not be liable for Supplier's commitments or production arrangements in excess of the amount, or in advance of the time necessary to meet Buyers delivery schedule. Goods which are delivered in advance of schedule, without Buyer authorization, may, at Buyer's option, either:

- a. be returned at Supplier's expense for proper delivery;
- b. have payment withheld by Buyer until the date that Goods are actually scheduled for delivery; or
- c. be placed in storage for Supplier's account until delivery date specified herein.

Shipment/Delivery Terms: All shipments to Buyer shall include a packing list in a carton marked "Packing List Enclosed". Each packing list shall contain the following: (a) the Buyer's purchase order number, (b) the Buyer's part number, (c) the quantity shipped and (d) the date of shipment. The information on the packing list must be in English and agree with the information on the commercial invoice. Supplier shall ensure that all Goods are marked in English with the country of origin listed on the product, packing list and the outside packaging, unless advised otherwise in writing by Buyer. In addition to the requirements set forth in Clause 17, Supplier shall ensure compliance in marking the Goods with the requirements of the customs authorities of the country of receipt. If Supplier ships Goods by a method other than as specified in this Contract, Supplier shall pay any resulting increase in the cost of freight incurred over that which would have been incurred had Supplier complied with Buyers shipping instructions.

Certificates of Origin: Upon the initial shipment of a Good, Supplier shall provide a Certificate of Origin in compliance with the requirements of the customs authorities of the country of receipt showing, at a minimum, the Buyer's part number and the country of origin of the good which Certificate shall be signed by a person authorized to sign and knowledgeable of the information contained therein. Where applicable, Supplier shall provide Buyer with a North America Free Trade Agreement (NAFTA) Certificate of Origin compliant with the rules thereunder. Supplier agrees to update Buyer promptly of any changes to the information provided on previously supplied Certificates of Origin or NAFTA Certificates of Origin.

Bar Coding: A bar code label containing the following shall be affixed to product shipped to Buyer: (a) Buyer's part number in human-readable form; (b) a 12-digit bar code containing Buyer's company number 096361, the Buyer's part number and a check digit using the 3 of 9 bar code protocol; this code must not contain spaces or any additional leading zeros; and (c) a bar-code containing quantity using the three-of-nine bar code protocol. For Goods shipped in individually-packed plain boxes, Supplier shall place on the front of each box a plain white label containing the bar-code information. For Goods shipped in bulk form, Supplier shall place on the outside of each master box a plain white label containing the bar-code information. For palletized shipments containing both, a single part number, or several part numbers, Supplier shall place on the upper left-hand corner of each side of each pallet box a plain white label containing the bar-code information. No charge for packaging, drayage or containers will be allowed unless specified on the face of this Contract or specifically listed as an additional and separate charge on Supplier's quotation and acceptance of this Contract. Supplier shall be liable for damage to materials or articles described herein caused by improper boxing, crating or packaging.

C-TPAT Compliance: Upon request, Supplier shall provide Buyer with evidence that is sufficient in Buyer's sole discretion to show compliance with the requirements under the United States Customs and Border Protection's "Customs-Trade Partnership Against Terrorism" program ("C-TPAT"). To the extent that it is commercially practical, Supplier agrees, to cooperate with Buyer to document and improve security procedures as recommended under C-TPAT or the foreign equivalent security program.

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4. CHANGES:

Buyer may, without charge, change any portion of the Contract including, without limitation, any one or more of the following:

- a. Specification, drawings, and date incorporated in this Contract where the items to be furnished are to be specially manufactured for the Buyer.
- b. Methods of shipment or packaging.
- c. Place of delivery.
- d. Time of delivery.
- e. Manner of delivery.
- f. Quantities.

Any modification of this Contract must be in accordance with Clause 17.

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5. CANCELLATIONS:

Buyer shall have the right to cancel or default on all or any part of the undelivered portion of Goods and/or Services to be provided under the Contract if (a) Supplier does not make deliveries as specified in the delivery schedule, (b) Supplier breaches any of the terms hereof, including warranties of

Supplier, or (c) Supplier becomes insolvent or there is an event of Bankruptcy (as defined below) relating to Supplier. If it is determined, however, that Supplier's failure to perform is due to unforeseeable causes beyond the control and without the fault or negligence of Supplier (other than insolvency or an event of Bankruptcy), such cancellation shall be deemed to have been made pursuant to Clause 6 hereof, entitled "Termination", provided that such clause shall include delays or defaults of subcontractor only to the extent such causes are beyond the control of both Supplier and subcontractor and without the fault or negligence of either of them and that the Goods to be furnished or used as a component to any Goods being purchased hereunder were not obtainable from other sources to meet the delivery schedule. Such rights of cancellation are in addition to and are not in lieu of any other remedies that Buyer may have in law or equity.

"Bankruptcy", as to the Supplier, means an occurrence in which (i) the Supplier has voluntarily instituted proceedings to be adjudged a bankrupt or has consented to the filing of a petition of bankruptcy against such party; (ii) a petition of bankruptcy is filed against the Supplier without the Supplier's consent and remains unstayed or is not dismissed within thirty (30) days after such filing; (iii) the Supplier has a decree entered against it by a court of competent jurisdiction appointing a receiver, liquidator, trustee or assignee in bankruptcy or in insolvency covering all or substantially all of the Supplier's property or providing for the liquidation and/or reorganization of Supplier's property or business affairs; or (iv) the Supplier has made any general assignment for the benefit of creditors, or shall fail generally to, or admit in writing the inability to, pay its debts as they become due.

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6. TERMINATION:

Buyer may terminate this Contract, in whole or in part, for any reason or no reason, from time to time by 30 days advance written notice of termination, whereupon the Supplier will stop work on the date and to the extent specified in the Buyer's written notice, and terminate all orders and subcontractor's orders to the extent they relate to the terminated work. Supplier will promptly advise the Buyer of the quantity of applicable material on hand or purchased prior to termination and the most favorable disposition that the Supplier can make thereof. Supplier will comply with the Buyer's instructions regarding transfer and disposition of title to the possession of such work and material. Within 60 days of receipt of such notice of termination, Buyer will have the right to inspect such claims at any reasonable time or times by inspecting and auditing the records, facilities, work or materials of the Supplier relating to this Contract. Buyer will pay the Supplier, without duplication, the order price for finished work accepted by the Buyer and the cost to the Supplier of any work-in-process and raw materials allocable to the terminated work, based on any audit the Buyer may conduct and with regard to generally accepted accounting principles, less:

- a. the reasonable value or cost (whichever is higher) of any items used or sold by the Supplier without the Buyer's consent;
- b. the agreed value of any items used or sold by the Supplier with the Buyer's consent;
- c. the cost of any defective or destroyed material; and
- d. the value of any items or material that can be reasonably used by Supplier in providing goods or services to other customers within six (6) months of said termination.

Buyer will make no payments for the finished work and the raw materials or components, procured or fabricated by the Supplier in excess of any order or release. Notwithstanding any payments made under this clause, no payments due shall exceed the aggregate price specified in the Contract, less payments otherwise made or to be made; adjustments shall be made reducing the payments hereunder for the cost of any work-in-process and raw materials or components to reflect on a pro rata basis any indicated loss on the entire Contract had it been completed. Payment made under this clause will constitute the Buyer's only liability in the event the Contract is terminated hereunder. Except as otherwise provided in the Contract, the provisions of this clause will not apply to any cancellation by the Buyer for default by the Supplier or for any other cause allowed by law or under this Contract.

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7. FORECAST:

Any forecasts provided by Buyer are only an accommodation to Supplier and shall not constitute a commitment of any type by Buyer. Buyer shall not be responsible for any costs incurred by Supplier in connection with Supplier's actions taken in response to any forecast submitted by Buyer.

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8. TOOLING:

Unless otherwise specified in this Contract or another agreement executed in writing between SMP and Supplier, all tooling and/or other articles required for the performance hereof shall be furnished by Supplier, maintained in good condition, and replaced when necessary at Supplier's expense.

Special Tooling: The term "special tooling" as used in this clause shall be deemed to include all jigs, dyes, fixtures, molds, patterns, special cutting tools, special gouges, special test equipment and the like acquired or manufactured or used in the performance of the Contract, which are of such a specialized nature that without substantial alteration, their use is limited to the production of the Goods or parts thereof or performance of the Services of the type required by the Contract. Supplier agrees that special tooling shall be retained and not used or reworked except for performance of work hereunder or as authorized in writing by Buyer. While Supplier is in possession or control, Supplier warrants that it will keep the special tooling in good condition fully covered by insurance, and will replace it when lost, destroyed or necessary for work hereunder. Upon cessation or termination of the work, under the specific order for which the special tooling is required, Supplier shall furnish Buyer a list of the products, parts or services for the manufacture or performance of which such special tooling was used or designed and the list indicating where each item of the special tooling is located and shall transfer title to and possession to the special tooling to Buyer for an amount equal to the unamortized cost thereof or dispose thereof as Buyer may direct in writing. In addition, Buyer shall have the right to take possession of, including the right of entry for such purpose, any special tooling, title to which Buyer acquires hereunder without any additional liability whatsoever to Supplier.

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9. QUALITY AND WARRANTY:

Warranty: Supplier warrants to Buyer that no law, regulation or ordinance of the United States of America or any state or governmental authority or agency thereunder has been, or shall be, violated, and that no license, patent, trade secret, copyright, trademark or servicemark of a third party has been, or shall be, infringed upon in the manufacture, procurement, sale, resale, use or delivery of any Goods or Services pursuant to this Contract.

Conformance and Defects: Supplier expressly warrants that all Goods and/or Services specified herein shall conform with the Buyer's instructions, specifications, drawings, samples or other descriptions furnished or specified by Buyer. All Goods and/or Services shall be of good material and/or workmanship and free from defect. Supplier expressly represents and warrants that in the absence of specifications, drawings, samples or other descriptions furnished or specified by Buyer, all Goods and/or Services covered by this Contract shall be (a) fit and sufficient for the purpose intended, (b) be free from defects in workmanship or material under normal use, whether latent or otherwise and (c) be transferred by Supplier free of all liens, claims or encumbrances. Any specifications, drawings, samples or other descriptions furnished or specified by Buyer, whether included herein or otherwise, shall control, govern and take precedence over any specifications, drawings, samples or other descriptions furnished or specified by Supplier to Buyer. Supplier further warrants that the Goods and Services furnished under this Contract shall conform to all representations, affirmations, promises, descriptions, samples or models forming the basis of this Contract. Supplier agrees that these warranties: (x) survive the inspection, acceptance and use of the Goods by Buyer and Buyer's customers; (y) are for the benefit of Buyer, its successors, assigns, customers and users of the Goods; and (z) are in addition to any warranties and remedies to which Supplier may otherwise agree or which are provided by law. Supplier agrees to extend to Buyer's customers and Buyer (and to enforce) any warranties received from Supplier's suppliers. Supplier's liability for a breach of such warranty, and Buyer's right to make any claim with respect thereto, are subject to the terms of the immediately following paragraph.

Remedy. Except as indicated in Clause 18 of the Contract, Buyer's sole and exclusive remedy, and Supplier's sole and exclusive liability, for any and all claims as to the Goods ordered by or delivered to Buyer hereunder, whether based on breach of warranty, breach of contract, or any other theory, shall be limited to, at Buyer's sole option, (a) reimbursement of the purchase price paid by Buyer to Supplier for the Goods as to which the claim is made or (b) replacement of such the Goods at Supplier's expense at Buyer facility or destination. In no event shall Supplier be liable for special, incidental, indirect, or consequential damages.

None of said warranties and no other implied or express warranties shall be deemed disclaimed or excluded unless evidenced by a purchase order change notice or revision issued and signed by Buyer.

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10. NON-COMPLYING GOODS AND/OR SERVICES:

Non-Compliance: All Goods are subject to Buyer's approval, count and inspection either before or after acceptance, at Buyer's discretion. If any goods are found at any time to be defective in material or workmanship or otherwise not in conformity with the requirements of the Contract, Buyer, in addition to any other rights Buyer may have under warranties or otherwise, shall have the right to reject and return such Goods (plus applicable freight charges or any other charges or expenses incurred due to the defect) at Supplier's expense. Such Goods shall not be replaced without written authorization from Buyer. Acceptance of all or any part of the Goods shall not be deemed to be a waiver of Buyer's right to: (a) cancel or return all or any portion of the Goods because of the failure to conform to this Contract or by reason of defects or other breach of warranty and (b) make any claim for (i) damages, including manufacturing costs, damages to materials or articles caused by improper boxing, crating or packing, or (ii) loss of profits or other special damages occasioned by the Buyer. Such rights shall be in addition to any other remedies provided by law.

Handling Fees: Buyer reserves the right at its sole option to assess a handling fee of up to five percent (5%) of the amount appearing herein for Goods or Services deemed unacceptable and/or deviations from the terms and conditions set forth herein.

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11. BUYER'S PROPERTY:

Unless otherwise provided in this Contract or agreed to in writing, title to Buyer's property furnished to Supplier shall remain with the Buyer. Supplier shall not alter or use such property for any purpose other than that specified by Buyer or from any other person without the prior written consent of Buyer. Supplier shall keep adequate records, which shall be made available to Buyer upon request, and shall store, protect, preserve and maintain Buyer's property in accordance with sound industrial practice, all at Supplier's expense. In the event that Buyer's property becomes lost or damaged to any extent from any cause, while in Supplier's possession, Supplier agrees to indemnify Buyer, or replace such property, at Supplier's expense, in accordance with Buyer's request. At the completion or termination of this Contract for which Buyer's property was required, Supplier shall request disposition instructions for all such property or the remainder thereof, whether in its original form or in semi-processed form. Supplier agrees to make such property available to Buyer in the manner directed by Buyer, including preparing, packaging and shipping such property. Expenses for preparing for shipment such property or any remainder thereof will be borne by the Supplier and shipment will be made F.O.B. Buyer's facility.

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12. PROPRIETARY RIGHTS:

All technical information in the nature of designs, blueprints, specifications, engineering data for production or product know-how, which is supplied to the Supplier by the Buyer to facilitate or assist in the performance of this Contract shall, unless otherwise agreed, be considered and kept confidential by the Supplier ("Confidential Information"). Seller agrees not to disclose (and to use commercially reasonable efforts to ensure that each of its employees, subcontractors or agents do not disclose) any Confidential Information transferred to it by the Buyer. Seller shall, at a minimum, take the same action and utilize at least the same precautions in preventing unauthorized disclosures of Buyer's Confidential Information as it uses with regard to its own secrets and confidential information of similar nature, but Seller shall, in any event, protect Buyer's Confidential Information with a standard of care that would be adhered to by a reasonable person under the same circumstances, subject to the preceding sentence.

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13. INDEMNIFICATION:

Supplier shall defend, indemnify and hold Buyer and its stockholders, members, subsidiaries, affiliates, directors, managers, officers, employees, agents, representatives, subcontractors, consultants and customers harmless from any claim, loss, liability, judgment, cost or expense (including reasonable attorneys' fees) incurred by Buyer or any of its stockholders, members, subsidiaries, affiliates, directors, managers, officers, employees, agents, representatives, subcontractors, consultants and customers for (a) any misrepresentation in any of the representations and warranties of the Supplier contained in the Contract, (b) damages to property (including materials used or stored in any products of Buyer in which the Goods have been installed) or injuries to humans (including death) and

attributable to (i) a breach of Supplier's warranty under Clause 9 or (ii) any defect in the Goods which occurs in the manufacturing process, or (c) arising from any actual or claimed infringement of patents, trademarks, service marks, trade secrets, mask work rights, copyrights or any other intellectual property rights of a third party, with respect to the Goods and Services.

Patent Indemnity: Supplier agrees, upon receipt of notification, to promptly assume full responsibility for the defense of any suit or proceeding which may be brought against Buyer or any of its subsidiaries, assigns, subcontractors and customers (hereafter for the purpose of this Clause 13 collectively referred to as the "Buyer") for alleged patent infringement as well as for the alleged unfair competition resulting from similarity in design, trademark or appearance of Goods, by reason of the use or sale of any Goods furnished under this Contract. Except for Goods manufactured entirely at Buyer's specifications, Supplier further agrees to indemnify Buyer against any and all expenses, losses, royalties, profits and damages (including court costs and attorneys' fees) resulting from the bringing of such suit or proceeding, including any settlement of decrees or judgment entered therein. Buyer may be represented by and actively participate through its own counsel in any such suit or proceeding. At Buyer's discretion, Supplier's obligations hereunder shall survive the acceptance and payment of the Goods and/or Services by Buyer.

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14. INSURANCE:

Supplier will arrange to expand its insurance coverage to include Buyer, its affiliates and subsidiaries and shall provide Buyer with an annual Insurance Carrier's Certificate showing the Supplier has adequate insurance coverage in the following minimum amounts:

- a. Workman's Compensation – Statutory limits for the state or states for which the work is to be performed.
- b. General Public Liability - \$500,000/\$1,000,000 and property damage \$250,000.
- c. Automobile Public Liability - \$100,000/\$300,000 and property damage \$100,000.
- d. Product Liability - \$1,000,000

Said Insurance Carrier's Certificate must set forth the amount of coverage, policy number and date of expiration. If Supplier is a self-insurer, the Certificate of the Department of Labor and Industry of the state in which labor is to be performed shall be furnished by such Department of Labor directly to Buyer. Compliance by Supplier with insurance requirements does not in any way affect Supplier's indemnification of Buyer under Clause 13 above. If the Contract covers the sale of Goods manufactured to Supplier's own design and specifications, Supplier agrees to provide Buyer with a current Certificate of Product Liability Insurance and Vendor's Endorsement naming the Buyer, its affiliates and subsidiaries as additional insured's on an annual basis.

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15. FORCE MAJEURE:

Buyer shall not be liable for any failure to perform including failure to (a) accept performance of Services or, (b) take delivery of the Goods as provided caused by circumstances beyond its control which make such performance commercially impractical including, but not limited to, acts of God, fires, floods, explosions, riots, sabotage, blockades, wars (declared or undeclared), terrorism, government actions, orders, decrees or laws that become effective after the date hereof and as to which Buyer's compliance is not optional or voluntary, accidents, strikes or other labor difficulties or shortages and the inability to obtain adequate materials, equipment or transportation.

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16. ENVIRONMENTAL REQUIREMENTS:

Shipment: All Goods will be shipped in conformance with government and freight regulations applicable to chemicals and hazardous materials, including regulations regarding fumigation and aeration where applicable. Buyer will not be liable for any loss or damage caused by a release of chemicals or other hazardous materials to the environment prior to Buyer's actual receipt of the Goods. All packaging materials, including pallets, shall be free of pests and comply with regulations regarding Solid Wood Packing Materials (SWPM) where applicable.

Chemical Substances: Supplier warrants that: (a) each chemical substance contained in Goods is on the inventory of chemical substances compiled and published by the Environmental Protection Agency pursuant to the Toxic Substances Control Act; and (b) all Material Safety Data Sheets required to be

provided by Supplier for Goods shall be provided to Buyer prior to shipment of the Goods and shall be complete and accurate.

Ozone Depleting Substances: Supplier hereby warrants, certifies, represents and agrees that neither any of the Goods nor any component of any of the Goods: (1) contains any "class I substance", or "class II substance" as those terms are defined in 42 USC Section 7671 as now in existence or hereafter amended; or (2) has been "manufactured with a process that uses" any "class I or class II substance" within the meaning of 42 USC Section 7671j (d) (2) as now in existence or hereafter amended.

Information: Supplier will provide Buyer, upon request, with environmental-related information regarding all materials included in the Goods and packaging.

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17. MISCELLANEOUS:

Waiver of Terms and Conditions/Waiver of Defaults: The waiver of any term or condition of this Contract must be in writing. No such waiver shall be construed as a waiver of any other term or condition except as provided in writing, nor as a waiver of any subsequent breach of the same term or condition.

No waiver of any default by either party in the performance of any provision, condition or requirement herein shall be deemed to be a waiver of, or in any manner release the said party from, performance of any other provision, condition or requirement herein; nor shall such waiver be deemed to be a waiver of, or in any manner a release of, said party from any future performance of the same provision, condition or requirement. Any delay or omission of either party to exercise any right hereunder shall not impair the exercise of any such right, or any like right, accruing to it thereafter.

Discontinuance of Goods: Supplier shall provide written notice to Buyer of the discontinuance of any Good twelve (12) months prior to the discontinuance of such Good. Such notice shall include, at a minimum, Buyer's part numbers, substitutions, and last date that orders will be accepted for such Goods.

Choice of Law: All agreements between Supplier and Buyer arising in connection with the Contract shall not be governed by the United Nations Conventions on Contracts for the International Sales of Goods. Rather, all agreements shall be governed in all respects by the laws of the State of New York, without application of any conflicts of laws principles, including the Uniform Commercial Code as adopted thereby and as may be amended from time to time.

Arbitration: In the event that a dispute shall arise between the parties to the Contract concerning any provision of the Contract, the parties shall meet to discuss such dispute in good faith. In the event that a resolution of such dispute is not reached within 20 days after such meeting unless otherwise extended by mutual agreement by the parties (the "Negotiation Period"), then the dispute shall be resolved by binding arbitration in New York County, New York, before one arbitrator. Where Supplier is a domestic (U.S.) entity, the arbitrator will be selected by and in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Where the Supplier is a foreign (other than U.S.) entity, all disputes arising out of or in connection with the Contract shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by one arbitrator appointed in accordance with the said Rules. Such dispute shall be resolved by the arbitrator within 45 days from the end of the Negotiation Period. The cost of any arbitrators and all other costs of the arbitration for all parties, including all attorneys' fees and other expenses, shall be paid by the non-prevailing party, except as may otherwise be apportioned by the arbitrators. Judgment upon any award rendered by the arbitrator shall be final and binding on the parties thereto and may be entered in any court having jurisdiction thereof.

Third Persons: Other than the warranty and indemnity of customer provided in Clause 9, nothing herein expressed or implied is intended or shall be construed to confer any rights, powers, privileges or remedies on any person or entity not a party hereto, or to create any third-party beneficiary liability under or by reason of the Contract.

Amendments: The Contract may be modified or amended only by written instrument signed by each of the parties.

Severability: If any provision or clause of the Contract is determined to be void or unenforceable for any reason, then, so long as the economic or legal substance of the transactions contemplated hereby is not affected in a manner materially adverse to either party, the Contract shall continue in effect as if, insofar as the jurisdiction of such determination is concerned, the affected provision or clause were not included herein; and such determination shall apply only to such provision in such jurisdiction and shall

not render void or unenforceable any other provision or clause hereof, or render the affected provision or clause void or unenforceable in any other jurisdiction or in the same jurisdiction under different facts or circumstances.

Notice: Any notice given under the Contract related to the Supplier shall be provided to the Buyer in writing, and shall be sent to the party to whom it is addressed by personal delivery, recognized overnight courier, facsimile transmission or certified mail, return receipt requested, at the address or facsimile number set forth below, or to such other address or facsimile number as such addressee shall have designated by a notice given in accordance with this clause. Notice shall be considered received hereunder (a) when actually received, in the case of personal delivery or delivery by overnight courier, (b) when transmitted by facsimile and a written confirmation of transmission is received, or (c) seven (7) days after being deposited in the mail, postage prepaid, if sent by certified mail.

If to Supplier:

[]

Attention: _____

Facsimile: _____

If to Buyer:

Information specific to Standard Motor Products:

Standard Motor Products, Inc.
37-18 Northern Boulevard
Long Island City, NY 11101
Attention: Buyer

Information specific to Four Seasons:

Four Seasons Division Of Standard Motor Products, Inc.
1801 Waters Ridge Drive
Lewisville, Texas 75057
Attention: Buyer

with a copy to:

Carmine Broccole
Standard Motor Products, Inc.
37-18 Northern Boulevard
Long Island City, NY 11101

Counterparts: The Contract may be signed in multiple counterparts, and by each party hereto in separate counterparts, each of which shall be an original, and all of which taken together shall constitute one agreement.

Binding Effect; Assignment: The Contract is binding upon and inures to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party hereto may assign any of its rights or obligations without the prior written consent of the other party, which may be given or withheld in such other party's sole discretion, except that Buyer may freely transfer and assign the Contract to any affiliate of Buyer. Any attempted assignment without such consent shall be void.

Further Assurances: Each party agrees to execute, acknowledge, deliver, file and record such further certificates, amendments, instruments and documents, and to do all such other acts and things, upon the reasonable request of the other party, as may be required by law or as may be necessary or appropriate to carry out the intents and purposes of the Contract.

Strict Construction Waived: The Contract has been fully negotiated between and jointly drafted by the parties hereto and should not be constructed more strictly against either party.

Headings: The captions or headings in the Contract are strictly for convenience and shall not be considered in interpreting the Contract or as amplifying or limiting any of its contents.

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Supplier Visitation Policy

The following Supplier Visitation Policy has been adopted at the Four Seasons, Lewisville, TX facility:

- All Suppliers' are required to make pre-scheduled appointments with any Four Seasons personnel they wish to meet with.
- Appointments are to be made during business hours (M-F 8:00am-5:00pm CST).
- If an appointment has not been pre-scheduled, the Supplier must have the receptionist contact the Four Seasons employee(s) and inquire as to their availability to meet with the Supplier.
- Suppliers' must enter through the main office entry, show proper identification to the receptionist, sign in, receive visitor's badge and wait for the Four Seasons employee(s) they are meeting with.
- Suppliers' office access will be limited to a designated meeting room/area where they will be escorted by a Four Seasons employee and where all appointments/meetings will be held.
- Suppliers' access to the warehouse will be limited to warehouse operational issues only. All suppliers, granted access to the warehouse must be accompanied by a Four Seasons employee at all times.
- Suppliers' must be escorted back to the main entry by a Four Seasons employee after the meeting(s) have concluded and surrender their visitors badge before leaving the building.

Noted exception: Some Service, Delivery and Vendor Managed Inventory (VMI) Suppliers may not be subjected to parts of this policy if they are in predetermined zones where they are allowed to make deliveries, pick-ups or take inventories.

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Freight Policy

1. Domestic shipments:

General

The following terms and conditions are required for all future domestic shipments to the Four Seasons' locations listed below. Our goal is to reduce delays and processing time in receiving merchandise into the Four Seasons' docks. Failure to comply with the following shipping/loading requirements will result in a penalty for each infraction. In some cases, a penalty charge plus \$60.00 per hour for labor will be assessed. All non-compliant charge-backs will be deducted from future invoice payments. We encourage your cooperation with this program so that we do not have to offset invoices with infraction fees.

The Four Seasons Vendor Supply Chain Management Policy is incorporated by reference into the terms and conditions of our Purchase Orders and by acceptance of the P.O., the vendor agrees to abide by these terms and conditions. This Policy applies to domestic shipments to the following Four Seasons' locations, which may be updated from time to time:

Four Seasons

1801 Waters Ridge Dr.

Lewisville, TX 75057

Telephone: 972.316.8208 or 972.316.8100

Fax: 972.316.8219

Attn: Receiving

Email: mark.wheeler@4s.com

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Shipping Guidelines

All shipments must be preceded by an Advanced Shipping Notice (ASN) 24 hours prior to receipt of shipment by Four Seasons. ASN's must be received via faxed or email to the number or email listed above. ASN must include the following information:

- a. Four Seasons part number
- b. Four Seasons purchase order (PO) number
- c. Quantity per part number being shipped
- d. Packing slip, invoice number or bill of lading number
- e. Freight carrier
- f. Freight carrier PRO number or tracking number

Unless otherwise noted, all **deliveries require a delivery appointment**. Contact receiving department at the number listed above for an appointment. **Vendors must ship with the approved Four Seasons carrier.**

(Please read ROUTING instructions)

Go to Four Seasons Vendor Portal web site to get approved carrier.

<http://fourseasons.inboundvendor.shipperscommonwealth.com/fourseasons/vendor/vendorLoginScreen.jsp>

Each shipment must include a packing list. The packing list must be attached to the delivery receipt or alternatively to a lead carton, which is clearly marked "PACKING LIST ENCLOSED". The packing list detail must include the following information:

- a. Four Seasons purchase order number
- b. Four Seasons part number
- c. Vendor part number
- d. Quantity of shipment
- e. Bill of lading number
- f. Country of Origin per part number

Each master case or master carton must be clearly marked with label facing the outside of the pallet with the following information.

- a. Four Seasons purchase order number
- b. Four Seasons part number (human readable and bar code 3 of 9 style)
- c. Vendor part number
- d. Piece count of carton/pallet (human readable and bar code 3 of 9 style)
- e. Each carton must be marked numerically (i.e. 1/10, 2/10, Etc.)
- f. Country of Origin

Identical SKU numbers **must not** be commingled throughout the shipment. Only one part number may be packed per carton. If the shipment consists of multiple pallets, **ALL IDENTICAL PART NUMBERS MUST BE CONSOLIDATED ON THE SAME PALLET(S).**

- a. Single SKU (1 SKU per pallet) - pallet height limit is 42 inches including the height of the pallet.
- b. Mixed pallets – pallets with multiple SKU's are to be clearly marked as "mixed pallets" with items shown on packing slip per pallet. Like SKU/part numbers are to be consolidated together on one pallet. Put the largest quantities on the bottom of pallet and build upward, limiting pallet height to 42 inches high.
- c. Place labels on cartons before stretch wrap. Stretch wrap must be of top quality in stretch, memory, and retention.
- d. Pallet merchandise must be stretch wrapped to help prevent merchandise loss or damage during shipment. Please do not put labels on stretch wrap.

Pallet requirements: PLEASE NOTE - CHANGE FROM FOUR-WAY TO TWO-WAY PALLETS

- a. All products must be received from vendor on 48" X 40" two way hard wood pallets, with the exception of shipments via parcel surface carriers (UPS, Federal Express, Etc., See Routing Instructions).
- b. Product loaded on a pallet must be located with no overhang to the edge of the pallet.
- c. Pallet should be clean and structurally sound. Pallet must be able to support the product through the movement of transportation and warehousing without damaging the product.

The bill of lading must include the following:

- a. Four Seasons purchase order number
- b. Notation included for freight collect shipments only,

Bill To: Four Seasons
Attn: Logistics Department
1801 Waters Ridge Dr.
Lewisville, TX 75057

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Routing Instructions:

These guidelines apply to all domestic shipments to the Four Seasons' locations listed on page 1. All vendors are required to use the Four Season's Vendor Portal. All shipments should be entered into the portal regardless of weight, size or freight terms. Four Seasons will designate the carrier and provide a Bill Of Lading through the portal.

Go to Four Seasons Vendor Portal web site to get approved carrier.

<http://fourseasons.inboundvendor.shipperscommonwealth.com/fourseasons/vendor/vendorLoginScreen.jsp>

Full Truckload (TL) Shipments – Use the carrier stated on the vendor portal BOL.

TL shipments by a Four Seasons' preferred carrier should be collect.

Less than Truckload (LTL) Shipments – Use the carrier stated on the vendor portal BOL.

LTL shipments by a Four Seasons' preferred carrier should be shipped collect.

Shipments of less than 201 pounds – All shipments of 200 pounds or less should be shipped collect via UPS.

The shipment should be insured for its full value. The vendor must contact the buyer for the Four Seasons UPS account number and include such UPS account number in the "Special Instructions/ Comments" field in the Vendor Portal.

Partial Shipments – Please write "Pre Paid Freight" in the "Special Instructions/ Comments" field in the Vendor Portal.

All Other Shipments – The following types of shipments require special instructions. Vendor should call the destination for shipping instructions:

- a. Third party billing.

Failure to observe these routing instructions will result in the full amount of the freight cost being charged back to the vendor. If you are unable to comply with these instructions, you must contact the destination facility for authorization to deviate before proceeding with the shipment. The contact information is listed below:

Location Contact Name Telephone Number

Viviana Menchaca 972.316.8185

Four Seasons
Lewisville, Texas

CARRIER CONTACT LIST

Approved carriers' information will be provided in the Four Seasons Vendor Portal.

Note:

Vendors shipping from the Dallas-Ft. Worth Metroplex to Lewisville are also required to obtain routing instructions from the Four Seasons Vendor Portal.

FOUR SEASONS VENDOR SUPPLY CHAIN MANAGEMENT PROGRAM

Schedule of Non-Compliance Charges - Domestic Shipments

CODE	DEFINITION	DESCRIPTION	1 st and Subsequent offenses Fee
VP	Vendor Portal Infraction	Failure to schedule shipment through TMS Vendor Portal	Full charge-back of freight cost
DPF	Delivery Performance Fine	Failure to meet requested delivery window: Shipments received more than 7 days after the PO Requested Date or more than 21 days prior to the PO Requested Date.	5% of total shipment value
NOA	No ASN Received	Shipment arrived without being preceded by an ASN	\$250.00 Flat Fee
ICA	Incomplete ASN	Insufficient information on ASN	\$200.00 Flat Fee
NDA	No Delivery Appointment	Non-preferred prepaid carrier does not call for appointment	\$200.00 Flat Fee
WDC	Shipped to Wrong Location	Shipped Product to Wrong Location	\$200.00 Flat Fee <i>(plus freight costs to correct location)</i>
NPC	Failure to Notify Carrier	Non-preferred prepaid carrier fails to follow shipping requirements due to lack of information	\$200.00 Flat Fee
CL	Carrier Late	Non-preferred carrier arrives over ½ hour late for appointment or never shows.	\$200.00 Flat Fee
INC	Incorrect Carrier Used	Use of non-preferred carrier on collect shipments	Full Charge-Back of Freight Costs
INP	Incomplete and Inaccurate Packing Slip	All information is not on packing slip or no packing list was enclosed	\$250.00 Flat Fee
OUS	Over/Under Shipment of Material	Shipment incomplete – Material shortage or overage. Quantity received does not match packing list or ASN quantity.	\$250.00 Flat Fee <i>Plus Per Hour Labor Charge of \$60.00 w/ One Hour Minimum</i>
NOM	Shipment of Non-Ordered Four Seasons Merchandise	Received items Four Seasons did not order on a Purchase Order	\$250.00 Flat Fee <i>Plus Per Hour Labor Charge of \$60.00 w/ One Hour Minimum</i>
ICL	Inaccurate Carton Labels	Product received does not match label / all labels on pallets must be legible and face the outside of pallet	\$200.00 Flat Fee <i>Plus Per Hour Labor Charge of \$60.00 w/ One Hour Minimum</i>
FC	Freight Commingled	Identical SKU numbers commingled throughout the shipment	\$200.00 Flat Fee <i>Plus Per Hour Labor Charge of \$60.00 w/ One Hour Minimum</i>
WP	Wrong Sized Pallet	Pallet Requirements Not Met – Wrong size pallet or pallet height of 42" exceeded.	\$200.00 Flat Fee <i>Plus Per Hour Labor Charge of \$60.00 w/ One Hour Minimum</i>
NOP	Not On Pallet	Material not received on floor loaded pallets	\$200.00 Flat Fee <i>Plus Per Hour Labor Charge of \$60.00 w/ One Hour Minimum</i>
COO	Country of Origin Not Marked	Country of Origin not marked on products, Packing List and/or outside packaging	\$200.00 Flat Fee <i>Plus Per Hour Labor Charge of \$60.00 w/ One Hour Minimum</i>
PWP	Product Shipped Against Wrong PO	Product shipped against the wrong PO or a closed PO.	\$200.00 Flat Fee
AMP	ASN does not match Packing List	Packing list information does not match ASN information	\$200.00 Flat Fee
PKG	Missing / Incorrect Packaging Materials	Product received without required or incorrect packaging materials.	\$250.00 Flat Fee per SKU <i>Plus Per Hour Labor Charge of \$60.00 w/ One Hour Minimum</i>

2nd AND SUBSEQUENT INFRACTIONS WILL BE SUBJECT TO FEE SCHEDULE ABOVE PLUS ADDITIONAL 5% OF TOTALSHIPMNET VALUE.

2. International shipments:

General:

Certification: Upon Buyer's request, Supplier shall provide Buyer with an appropriate certification stating the country of origin for Goods, sufficient to satisfy the requirements of (a) the customs authorities of the country of receipt, and (b) any applicable export licensing regulations, including those of the United States of America.

Required Marking: Supplier shall ensure that all Goods are marked in English with the country of origin on the product, unless advised otherwise in writing by Buyer. Supplier shall ensure compliance in marking the Goods with the requirements of the customs authorities of the country of receipt.

Documentation: To ensure the efficient and prompt processing of wire transfer and letter of credit payments to your company, please implement the following procedures when processing all Four Seasons International orders.

Prior to any shipment, contact the Four Seasons International Purchasing Coordinator for an authorized freight forwarder to use and appropriate documentation markings and notifications.

Mark invoices for freight collect shipments EXW (ex works), FCA (free carrier) or FOB (free on board) the port of export; Four Seasons does not accept C&F or CIF shipments. LCL shipments must be labeled with Four Seasons address.

Forward via telefax to the attention of the Four Seasons International Coordinator at the time of shipment a set of documentation, including shipping details.

If Four Seasons is to make payment via wire transfer, please confirm Four Seasons has your current banking details including your account number, bank name, address, telephone, telex and ABA numbers. Three complete sets of negotiable documents including an invoice, a packing list and a bill of lading must be sent via overnight courier to the Four Seasons International Purchasing coordinator at;

Four Seasons Division Of Standard Motor Products, Inc.
1801 Waters Ridge Dr.
Lewisville, TX 75057, USA

This is the documentation that will be used to make payment; payment cannot be made using telefax copies; if payment is being made by letter of credit, the letter of credit will stipulate that documents must be forwarded via overnight courier from the supplier's bank to Four Season's bank; the courier shipping charges are to be incurred by the supplier.

All shipments to Four Seasons must include a packing list including the purchase order and part number(s) in order to comply with U.S. Customs regulations. All pallets, cartons and related documentation must be in English and invoices must be denominated in U.S. dollars. Supplier shall include non-negotiable copies of the invoice, packing list and bill of lading with the shipment. Supplier shall mark the carton containing the documentation "Packing List Enclosed". For containerized international shipments, supplier shall place the documentation in an envelope and attach the envelope to the wall of the container. This will eliminate delays in the receipt of your shipments and payment of your invoice.

Other Requirements: Seller shall comply with all other United States government agency requirements (including the U.S. Food and Drug Administration (FDA) and the U.S. Federal Communications Commission (FCC) in the case of a U.S. import) of the country to which the Goods are shipped. Failure to comply with import requirements will result in the transfer of financial and legal obligations to the seller.

While we look forward to your implementation of these procedures, Four Seasons may assess service charges for any deviations from these procedures. If Four Seasons approved freight forwarders are not used, Four Seasons also reserves the right to charge back for any difference between the amount Four Seasons is charged and the rate Four Seasons has negotiated with its freight forwarder. (see the following "Schedule of Non-Compliance Charges - International Shipments")

Schedule of Non-Compliance Charges - International Shipments

CODE	DEFINITION	DESCRIPTION	1 st and Subsequent offenses Fee
ASN	No Shipping documents	Shipping documents not received prior to receipt of shipment	\$250.00 Flat Fee
NOA	No ASN Received	Shipment arrived without being preceded by an ASN	\$200.00 Flat Fee
ICA	Incomplete Shipping documents	Insufficient information on shipping documents	\$200.00 Flat Fee
DPF	Delivery Performance Fine	Failure to meet requested delivery window: Shipments received more than 7 days after the PO Requested Date or more than 21 days prior to the PO Requested Date.	5% of total shipment value
INC	Incorrect Carrier Used	Use of non-preferred carrier on collect shipments	Full Charge-Back of Freight Costs
OUS	Over/Under Shipment of Material	Shipment incomplete – Material shortage or overage. Quantity received does not match packing list or ASN quantity.	\$250.00 Flat Fee <i>Plus Per Hour Labor Charge of \$60.00 w/ One Hour Minimum</i>
NOM	Shipment of Non-Ordered Seasons Merchandise	Received items Four Seasons did not order on a Purchase Order	\$250.00 Flat Fee <i>Plus Per Hour Labor Charge of \$60.00 w/ One Hour Minimum</i>
ICL	Inaccurate Carton Labels	Product received does not match label / all labels on pallets must be legible and face the outside of pallet	\$200.00 Flat Fee <i>Plus Per Hour Labor Charge of \$60.00 w/ One Hour Minimum</i>
FC	Freight Commingled	Identical SKU numbers commingled throughout the shipment	\$200.00 Flat Fee <i>Plus Per Hour Labor Charge of \$60.00 w/ One Hour Minimum</i>
COO	Country of Origin Not Marked	Country of Origin not marked on products, Packing List and/or outside packaging	\$200.00 Flat Fee <i>Plus Per Hour Labor Charge of \$60.00</i>

			<i>w/ One Hour Minimum</i>
INP	Incorrect Packing List / Invoice	Packing List and or Invoice contains incomplete information.	\$250.00 Flat Fee
AMP	Shipping documents do not match Packing List / Invoice	Packing list information does not match ASN information	\$200.00 Flat Fee
CL	Carrier Late	Non-preferred carrier arrives over ½ hour late for appointment or never shows.	\$200.00 Flat Fee
FTP	Failed to pick-up empty container	Carrier failed to pick-up the empty container within the 24hr notice.	Debit Container Carrier \$200.00 Flat Fee
PKG	Missing / Incorrect Packaging Materials	Product received without required or incorrect packaging materials.	\$250.00 Flat Fee per SKU <i>Plus Per Hour Labor Charge of \$60.00 w/ One Hour Minimum</i>

2nd AND SUBSEQUENT INFRACTIONS WILL BE SUBJECT TO FEE SCHEDULE ABOVE PLUS ADDITIONAL 5% OF TOTAL SHIPMENT VALUE.

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Equal Opportunity Clause

(The following clause is applicable unless this contract is exempt under the rules and regulations of the Secretary of Labor issued pursuant to Executive Order No. 11246 of September 24, 1965 (30 FR 12319), as amended.)

During the performance of this contract, the contractor agrees as follows:

- (1) The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or natural origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting for the provisions of this nondiscrimination clause.
- (2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
- (3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (4) The contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- (5) The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- (6) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with the procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- (7) The contractor will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, that in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

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