



## PURCHASE ORDER TERMS AND CONDITIONS

The Reading Truck Group, LLC (“RTG”) and its subsidiaries, Reading Truck Body, LLC; Reading Equipment and Distribution, LLC, and Reading Midwest Distribution, LLC offers to purchase the equipment, materials and/or services (collectively, “Goods & Services”) specifically described in the purchase order to which these terms and conditions are attached (the “Purchase Order”, and together with these terms and conditions, this “Agreement”) from the vendor set forth on the Purchase Order (“Seller”), exclusively upon the terms and subject to the conditions set forth in this Agreement.

1. PRICE. Unless otherwise stated, prices include all sales, use, excise and similar taxes applicable to Goods & Services hereunder or the materials used in connection therewith. All such taxes and charges shall be shown separately on Seller’s invoice. Goods & Services shall not be invoiced at higher prices than last quoted or charged without RTG’s written consent. If before completing performance hereunder Seller shall sell or provide any Goods & Services of the kinds and quantities and with comparable specifications as Goods & Services to any other customer at a price that is lower than the price in effect hereunder, the price hereunder shall be reduced to such lower price. If RTG notifies Seller that Goods & Services is ordered by RTG under a U.S. government contract, Seller agrees that federal law applicable to RTG as a government contractor is accepted and binding on Seller insofar as required by law or the provisions of the government contract. Seller in accepting the Purchase Order represents that the prices charged for Goods & Services hereunder comply with this Paragraph 1, law and regulations (including any ceiling prices established by any government agency) in effect at time of the order placement, sale or delivery.

2. PAYMENT; INVOICES. Unless otherwise specified by RTG, Seller shall issue a separate invoice for each shipment of Goods & Services and only after Goods & Services is shipped, delivered or performed. No payment will be made by RTG prior to receipt of Goods & Services, a current invoice there for, appropriate shipping documents and any related manuals, drawings and instructions (“Document Submittals”). Final payment shall not be made until Goods & Services meets all Agreement requirements. RTG shall make payment in accordance with the payment terms set forth in the Purchase Order, or if none, those in Seller’s invoice; provided, that in no event shall RTG be required to make payment earlier than 30 days after receipt of all Document Submittals. RTG may withhold payment of any amounts that are disputed in good faith by RTG. RTG may set off any amount owing from Seller to RTG against any amount payable by RTG. Payment due dates, including discount periods, will be computed from date of invoice to date RTG’s check is mailed (or payment is otherwise transmitted by RTG). Any discount taken by RTG will be taken on the full amount of the invoice.

3. DELIVERY. Time is of the essence in delivery or performance of Goods & Services. Seller shall furnish sufficient labor, material, services, management forces, plants and equipment, and shall Goods & Services such hours, including overtime, weekends and holidays, as may be required to assure compliance with the established delivery or performance dates of Goods & Services (“Delivery Date(s)”), all at no additional charge to RTG. Seller shall not deliver Goods & Services, in whole or in part, more than 5 days prior to its Delivery Date without the prior written consent of RTG. If Seller does not deliver or perform Goods & Services by its Delivery Date, RTG may cancel the Purchase Order at no cost to RTG. If Seller delivers an over shipment for items on the Purchase Order without written approval from the Purchasing Representative RTG has the right to refuse the overages. Seller will be responsible for freight charges to have the overages returned to their facility. If RTG elects not to cancel the Purchase Order and to seek expedited delivery or performance of Goods & Services, Seller agrees to deliver the delayed shipment or perform additional services so as to avoid or minimize delay to the maximum extent possible at no additional charge to RTG. If the Purchase Order requires partial delivery or performance of Goods & Services, RTG may, after any partial delivery or performance, cancel or suspend the balance of the Purchase Order upon written notice to Seller, and may refuse any attempted delivery or performance thereafter. If a definite Delivery Date is not specified in a Purchase Order, RTG reserves the right to cancel such Purchase Order if it is not fulfilled within a reasonable time. If Seller cancels a Purchase Order, RTG reserves the right to purchase comparable Goods & Services elsewhere and may charge Seller with any loss incurred as a result thereof.

4. SHIPPING. Seller shall be responsible for packaging, loading and shipping Goods & Services in accordance with any packaging specifications, shipping methods and other related requirements set forth in the Purchase Order or otherwise communicated to Seller by RTG. If no such specifications, methods or requirements are so specified, Seller shall be responsible for packaging, loading and shipping Goods & Services in a manner sufficient to prevent damage and loss to Goods & Services during shipment. Shipments must equal quantity ordered, unless otherwise agreed by RTG in writing. If the Purchase Order specifies F.O.B. destination, Seller shall bear risk of loss until Goods & Services arrives on board carrier at the designated destination. If the Purchase Order specifies delivery F.O.B. origin, Seller shall bear risk of loss until Goods & Services arrives on board and is accepted by carrier for shipment to the designated destination. If the Purchase Order states only “F.O.B.,” such reference shall mean F.O.B. destination. If freight regulations covering Goods & Services transported by common carrier F.O.B. destination establish a maximum limit on the carrier’s liability for loss or damage suffered in transit, Seller will be liable to RTG for any loss or damage in excess of such maximum limit up to the full price of



Goods & Services. Risk of loss of Goods & Services shall remain with Seller even after Seller receives payment therefore from RTG if Seller is storing such Goods & Services for RTG.

5. **COMMUNICATIONS.** Seller must direct all written communications in respect of this Agreement to a RTG purchasing representative (“Purchasing Representative”). Only informal oral communications with engineering or quality assurance personnel on technical matters shall be permitted. Seller shall use commercially reasonable efforts to: (a) keep RTG advised of the status of Goods & Services; (b) permit RTG to review and observe, from time to time upon reasonable notice, the delivery or performance of Goods & Services; (c) provide RTG with such reports as are appropriate to the nature of Goods & Services and otherwise as may be reasonably requested by RTG; and (d) keep, for Purchase Orders payable on a time and materials basis, reasonably detailed records of hours Goods & Services, costs of materials used and other relevant expenses incurred in fulfilling the Purchase Order, which records RTG may examine from time to time upon reasonable notice.

6. **CHANGES TO GOODS & SERVICES.** Except in connection with RTG’s rights to cancel Purchase Orders as set forth elsewhere in this Agreement, no changes to the type, quantity or other specifications of Goods & Services may be made except pursuant to a written notice of change setting forth in detail any such proposed changes (“Change Notice”). A Change Notice shall be binding on both parties and incorporated herein by reference only if either (a) Seller delivers to a Purchasing Representative an executed Change Notice (which, in the case of any oral communications, shall be delivered within 30 days of such communication) *and* RTG countersigns and returns to Seller such Change Notice approving such changes or (b) Seller does not object to a Change Notice executed and delivered by a Purchasing Representative to Seller within 10 days after Seller’s receipt. Seller agrees to comply with all binding Change Notices. If changes pursuant to a Change Notice materially increase or decrease Seller’s cost or time for performance or delivery, an equitable adjustment will be negotiated by the parties and this Agreement may be modified in writing accordingly; provided, that any claim for adjustment must be asserted by Seller in any Change Notice first delivered to RTG by Seller or within 10 days after receipt of any Change Notice first delivered to Seller by RTG. Seller shall comply with changes pending resolution of any dispute, if any.

7. **QUALITY; INSPECTION; ACCEPTANCE.** (A) Seller shall Goods & Services within and inspect Goods & Services as to measurements, tolerances, limitations and other parameters specified on any drawings, plans or instructions covering Goods & Services (“Specifications”) and shall make such tests as are required by Specifications. In addition, Seller shall ensure that Goods & Services meets or exceeds all applicable government, industry and trade association standards and other RTG quality standards and Seller’s own internal quality standards (collectively, “Quality Standards”). No changes to any Specifications or Quality Standards shall be valid unless set forth in a binding Change Notice and Seller shall not be excused from compliance based on oral agreements not subject to a binding Change Notice. No substitutions of materials, processes or accessories affecting product quality shall be made except pursuant to a binding Change Notice. (B) All Goods & Services delivered or performed shall be subject to final review, inspection and acceptance by RTG, notwithstanding any payment or initial inspection. RTG shall have a reasonable time (not less than 30 days) from receipt or performance of Goods & Services to inspect such Goods & Services and submit claims of quality, quantity, damage or other non-compliance to Seller. Goods & Services delivered or performed that does not meet Specifications or Quality Standards shall not be accepted (or deemed accepted) by RTG. RTG reserves the right to refuse any shipment, delivery or performance and to cancel all or any part of a Purchase Order for Goods & Services not conforming to Specifications or Quality Standards. RTG shall not be liable for such Goods & Services, including payment therefore. Acceptance of any part of a Purchase Order shall not bind RTG to accept future shipments of non-conforming Goods & Services. Goods & Services, if rejected, may be returned to Seller at Seller’s expense (for transportation both ways), and RTG shall be entitled to elect any further remedies set forth in Paragraph 8(B). (C) Seller is subject to be evaluated annually or as determined by RTG, based on delivery performance, quality, service and cost.

8. **WARRANTY.** (A) Seller warrants to RTG, its respective officers, directors, employees and agents (“Affiliates”), licensees and customers, both direct and indirect, that all Goods & Services (including all equipment and materials used therein, other than RTG Materials) shall, until the earlier of 1 year after first placed into service by RTG or 3 years after acceptance by RTG: (1) be free from defects in design, Goods & Services man ship and materials; (2) be of the kind and quality described in, and shall conform with, the Specifications and the Quality Standards; (3) be fit for the purpose intended; (4) perform in the manner specified; (5) in the case of services, reflect the highest standards of professional knowledge and judgment; (6) be free and clear of all liens, claims and encumbrances by the Delivery Date; and (6) comply with all other requirements of this Agreement and with all applicable laws, regulations and guidelines. (B) Seller shall correct any non-conformance with the foregoing warranties at its sole expense, as directed by RTG, by promptly: (1) repairing, replacing or re-performing the non-conforming Goods & Services (and correcting any manuals, drawings or instructions affected); (2) furnishing RTG with all materials, parts and instructions necessary to correct the non-conformity; or (3) refunding to RTG any portion of the purchase price paid by RTG under this Agreement and canceling any further portions due in respect of non-conforming Goods & Services. The warranty with respect to any corrected Goods & Services shall be subject to the same terms as the warranty provided for in Paragraph 8(A). (C) Seller further represents, warrants and covenants that is currently under no



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obligation to any third party, and it will not enter into any obligation to a third party, that could interfere with the performance of its obligations under this Agreement. Seller shall take appropriate action by instruction, agreement or otherwise with its employees, permitted subcontractors and agents to notify them of and bind them to comply with Seller's obligations hereunder, including in particular under Paragraphs 9 and 10.

**9. CONFIDENTIALITY.** "Confidential Information" shall mean all business, technical and other proprietary information belonging to RTG, as well as any RTG information not generally known by actual or potential competitors of RTG or by the public generally, whether disclosed to Seller directly or indirectly, in writing, orally, by drawings or inspection of documents or other tangible property, or in any other manner or form, tangible or intangible. Confidential Information includes, but is not limited to, Specifications, this Agreement, information belonging to others who have entrusted such information to RTG, information that would not have been known to competitors of RTG or the public generally if Seller had not breached its obligations of confidentiality under this Paragraph 9, all Inventions and Intellectual Property Rights (as defined in Paragraph 10) and all reproductions and copies of the foregoing. Seller agrees, as a condition of receiving Confidential Information, that Seller shall not use or disclose, except as necessary to perform this Agreement, any Confidential Information to any other person or entity at any time, and shall not use RTG's name in any of Seller's customer lists or advertising, in each case without prior written consent of RTG. Notwithstanding the foregoing, Seller may disclose Confidential Information (a) to Seller's employees, permitted subcontractors and agents having a need to know such information to process a Purchase Order or improve Goods & Services or (b) to comply with applicable laws, regulations or court orders.

**10. OWNERSHIP.** (A) Title to Goods & Services shall be deemed transferred to RTG as payments are made, and in the same proportion as the cumulative payments bear to the purchase price. All material, including tooling, raw materials or components, furnished to Seller or specifically paid for by RTG ("RTG Material"), shall be the property of RTG and subject to removal at RTG's discretion in the same condition as originally received by Seller, subject to reasonable wear and tear, at no additional cost to RTG. RTG Material shall be used by Seller only in fulfilling Purchase Orders. Seller shall keep RTG Material separate from Seller's other materials and clearly identify it as RTG property, unless waived in writing by RTG. RTG Material while in Seller's custody or control shall be held at Seller's risk and shall be kept insured by Seller at Seller's expense in an amount equal to the replacement cost, with loss payable to RTG. (B) Seller shall promptly make full written disclosure to RTG, shall hold in trust for the sole right and benefit of RTG, and hereby assigns, transfers and conveys to RTG or its designee, all of Seller's worldwide right, title and interest in and to any and all inventions, Goods & Services of authorship and information, including software, data, drawings, specifications, photographs and sketches, relating to Goods & Services, whether or not patentable or registrable under patent, copyright or similar laws, which Seller (through its employees) may solely or jointly conceive, develop or reduce to practice, or cause to be conceived, developed or reduced to practice, in the performance of Goods & Services or which result, to any extent, from use of RTG's property or materials, including Confidential Information (collectively, the "Inventions"), including any and all moral rights and intellectual property rights inherent therein and appurtenant thereto, including, but not limited to, all patent rights, copyrights, trademarks, know-how and trade secrets (collectively, "Intellectual Property Rights"). Seller further acknowledges and agrees that all original Goods & Services of authorship that are made by Seller in the performance of Goods & Services and which are protectable by copyright are "Goods & Services made for hire," as that term is defined in the United States Copyright Act. Upon the request and at the expense of RTG, Seller shall execute and deliver to RTG any and all documents and instruments, and do such other acts, that may be necessary or desirable to evidence the foregoing assignment and transfer and otherwise to vest in RTG possession and control of all Inventions and Intellectual Property Rights.

**11. INDEMNITY; INSURANCE.** (A) Seller shall at its own expense defend, indemnify and hold RTG, its Affiliates, licensees and customers, both direct and indirect, harmless from any liabilities, penalties, costs and expenses (including attorney's fees and expenses), obligations or causes of action arising out of or related to Seller's or its employees', permitted subcontractors' or agents' negligence, willful misconduct or material breach of this Agreement, including any claim: (a) that use of Goods & Services by RTG, its Affiliates, representatives, licensees or customers, both direct and indirect, constitutes an infringement of any patent, copyright, trade secret or other Intellectual Property Rights' claim, except to the extent such infringement results by reason of Seller's compliance with Specifications provided to Seller by RTG, or (b) for personal injury (including death) or any damage to or loss or destruction of property, in any manner based upon, or attributable or related Seller's performance, whether direct or indirect, under this Agreement. (B) Seller shall carry, and shall furnish to RTG, upon request, insurance carriers' certificates reasonably satisfactory to RTG showing that Seller has adequate Goods & Services compensation, public liability, motor vehicle liability and property damage insurance coverage. All such certificates shall specify that, in the event of cancellation, at least 15 days' prior written notice thereof shall be given to RTG. The purchase of such insurance shall not satisfy, modify or limit Seller's obligations or liability hereunder.

**12. LIMITATION OF LIABILITY.** Under no circumstances will RTG or its Affiliates be liable for consequential, indirect, special, punitive or incidental damages or lost profits, whether foreseeable or unforeseeable, based on claims of Seller or any other party arising out of breach or failure of express or implied warranty, breach of contract, misrepresentation, negligence, strict liability in tort, failure of



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any remedy to achieve its essential purpose or otherwise. Notwithstanding the form (*e.g.*, contract, tort or otherwise) in which any legal or equitable action may be brought, in no event shall RTG or its Affiliates be liable for damages or losses that exceed, in the aggregate, the greater of: (a) the amount paid by RTG to Seller for that Goods & Services giving rise to such damages or losses for each respective breach or series of related breaches or (b) \$1,000. This paragraph will not apply only when and to the extent that applicable law specifically requires liability despite the foregoing disclaimer, exclusion and limitation.

**13. TERMINATION.** (A) RTG may terminate this Agreement for its convenience, in whole or in part, at any time by written notice whenever it determines such termination to be in its best interest. In the event of termination, Seller shall promptly comply with the directions contained in such notice and shall, subject to such direction: (1) take all necessary action to terminate Goods & Services, minimizing costs and liabilities; (2) protect, preserve and deliver any Goods & Services, RTG Materials and other property related to this Agreement in Seller's or its agents' possession; and (3) continue the performance of such part of Goods & Services, if any, as may not have been terminated by the notice. In addition, if Seller at such time shall have in stock or on firm order any completed or incompletd items or any raw or semi-processed materials for use in fulfilling the Purchase Order, then: (x) in the case of completed items or materials, RTG shall, at its option, either require delivery of all or part of such items or materials and make payment of the purchase price thereof, or without taking delivery thereof, pay Seller the difference, if any, of the purchase price thereof over the market price calculated at the time of termination; (y) in the case of incompletd items or raw or semi-processed materials, RTG shall, at its option, either require delivery of all or part of such items or materials at the portion of a purchase price representing its stage of completion, or without taking delivery thereof, pay Seller with respect to such items or materials as are properly allocable to this Agreement, a portion of the purchase price thereof representing its stage of completion, reduced by the higher of the market or scrap value thereof at such stage of completion; and (z) in the case of items or materials that Seller has on firm order, RTG shall, at its option, either take an assignment of Seller's right under such firm order or pay the costs, if any, of settling or discharging Seller's obligation under such firm order. (B) RTG may terminate this Agreement, in whole or in part, at any time by written notice if: (1) Seller breaches this Agreement; (2) reasonable grounds for insecurity arise with respect to Seller's performance and Seller fails to furnish adequate assurances within 10 days after written demand by RTG for such assurance; or (3) Seller becomes insolvent or makes an assignment for the benefit of creditors, commits an act of bankruptcy or files or has filed against it a petition in bankruptcy or reorganization proceedings. In the event of any such termination, RTG may procure from any third party, upon such terms as RTG may deem appropriate, Goods & Services similar to Goods & Services and Seller shall be liable to RTG for any excess costs for such similar Goods & Services by agreeing to pay RTG or assign rights to RTG in accordance with Paragraph 13(A).

**14. CONFLICTS OR INCONSISTENCIES.** Seller shall comply with this Agreement and all documents referenced hereunder, if any. In the event of any conflict between the terms and conditions of this Agreement, of any such referenced document and/or of any other written agreement relating to this Agreement or Goods & Services, this Agreement will control unless otherwise expressly indicated in such other document or agreement. Seller shall clarify with RTG any such conflict or any inconsistencies within this Agreement. If Seller fails to do so, Seller shall be solely responsible for any errors resulting from any such conflicts or inconsistencies.

**15. TOXIC SUBSTANCES.** Seller warrants that each and every chemical substance delivered under this Purchase Order shall, at the time of sale, transfer or delivery, be on the list of chemical substances compiled and published by the Administrator of the Environmental Protection Agency pursuant to Section 8(B) of the Toxic Substance Control Act (Public Law 94-469). Seller shall submit to RTG updated material safety data sheets, prepared in accordance with Occupational Safety and Health Act, Hazardous Communication Standard, 29 CFR 1910.1200, as required. Seller shall be solely responsible for all chemical substances or mixtures that it, its employees, permitted subcontractors, agents or suppliers of any tier (1) bring on to the premises of RTG or (2) use to produce or perform Goods & Services whether or not on the premises of RTG, including the proper use, removal and disposal of all such substances and mixtures, and associated containers and residue from their use, in accordance with all applicable law, regulations and court orders.

**16. INDEPENDENT CONTRACTORS.** Seller, its employees, permitted subcontractors and agents shall at all times be independent contractors with respect to this Agreement, and shall not be deemed employees or agents of RTG. None of them shall have the right or power to bind RTG. Seller shall pay and discharge all payroll taxes that may be assessable or payable for or on account of the wages of any person employed by Seller, directly or indirectly, involved in the performance of this Agreement and, for clarity, any failure to do resulting in liability to RTG shall be subject to indemnity in accordance with Paragraph 11.

**17. SUBCONTRACTING.** Seller shall not subcontract any portion of Goods & Services without the prior written consent of RTG. Unless otherwise specified, this restriction shall not apply to purchases of raw materials, standard commercial items or services in the ordinary course. Raw materials include, but are not limited to, castings, forgings and rough welded structures on which further Goods & Services is to be performed by Seller. Seller, if required by RTG, shall disclose in writing the extent of subcontracting anticipated in this Agreement.



18. ASSIGNMENT. This Agreement and Seller's rights and duties hereunder shall not be assignable by Seller without the prior written consent of RTG, which consent may be withheld in its sole discretion. RTG may assign this Agreement, in whole or in part, to any affiliate or to any third party upon a change of control, merger, sale of assets or other business combination of RTG. This Agreement shall inure to the benefit of and are binding upon RTG and Seller and their respective successors and permitted assigns.

19. MISCELLANEOUS. The rights and remedies of RTG provided hereunder shall not be exclusive and are in addition to any other rights and remedies provided at law or in equity. The laws of the Commonwealth of Pennsylvania, without regard to principles of conflict of laws or the location of any office of RTG, will govern this Agreement. Headings used herein are for convenience only and shall not be used for interpretive purposes. If any provision herein is held to be invalid or unenforceable, such provision shall be narrowly construed or otherwise deemed ineffective, and the remaining provisions shall not be affected. These terms and conditions shall survive the fulfillment of the Purchase Order. This Agreement constitutes the entire agreement between the parties relating to the Goods & Services that is the subject hereof. Without limiting the provisions of Paragraph 6, (a) no amendment, modification or waiver shall be binding upon RTG and (b) RTG will not be bound to any additional or different terms or conditions hereafter transmitted by Seller; in each case unless in a writing signed by RTG's authorized representative, and RTG will not be bound by its silence, course of dealing, usage of the trade or its acceptance of Goods & Services. No waiver by RTG of any default by Seller shall be deemed a waiver of any subsequent default. Nothing contained herein shall give to any other person any benefit or any legal or equitable right, remedy or claim.