

PURCHASE ORDER TERMS AND CONDITIONS

1. ACCEPTANCE OF PURCHASE ORDER- Formal written acceptance by Seller to furnish the materials or services hereby ordered, Seller's commencement of performance pursuant to this Purchase Order, or Seller's acceptance of any payment pursuant to this Purchase Order, shall constitute acceptance by Seller of this Purchase Order subject to these terms and conditions. Upon acceptance of this Purchase Order the terms and conditions, printed, written or otherwise appearing on the order face or reverse side, herein and including any additional terms and conditions attached, constitute the entire understanding and agreement between the parties under which the materials, articles or services specified on the face hereof are purchased and sold (this "Purchase Order").
2. CONTRACT - In the event that this Purchase Order does not state price or delivery, Buyer will not be bound to any prices or delivery to which it has not specifically agreed in writing. Any terms or conditions proposed by Seller inconsistent with or in addition to the terms and conditions of purchase herein contained shall be void and of no effect unless specifically agreed to by Buyer in writing. No other agreements or stipulations (including revisions to the order or terms and conditions stated by Seller in acknowledging the order) shall be binding upon Buyer, nor shall any waiver or subsequent modification of the terms of this agreement be valid unless in writing and signed by Buyer's authorized representative.
3. ASSIGNMENT - Seller may not assign the contract or any payment due or to become due hereunder, without the prior written consent of Buyer's authorized representative. This Order is not made or intended for the benefit of any third party. Buyer may assign this Purchase Order to (a) any affiliated company, (b) any successor in interest, or (c) Buyer's customer. Buyer shall have the right at any time to set off any amount owing from Seller to Buyer or Buyer's affiliates against any amount due and owing to Seller pursuant to this Purchase Order or any other contractual agreement between Buyer, or its affiliates, and Seller.
4. SHIPPING AND BILLING
 - (a) All materials shall be suitably packed, marked, and shipped in accordance with the requirements set forth in Buyer's Corporate Routing Guide and no additional charges shall be made to Buyer therefore unless otherwise stated herein. Seller agrees to describe material on bill of lading or other shipping receipt, including correct billing information for transportation charges, and route shipment in accordance with instructions issued by Buyer's Corporate Traffic Department.
 - (b) No charge shall be made by Seller for containers, crating, boxing, bundling, dunnage, drayage or storage unless otherwise provided herein.
 - (c) Material received without a packing slip, or without the packaging marked with Buyer's part number, and Purchase Order number will be received subject to Buyer's determination of count and weight. Seller shall accept Buyer's count and additional cost determination for labeling and marking material. Seller will also be charged a \$75.00 service charge for failing to follow Buyer's routing, labeling and packaging instructions. This guide and full instructions are located on the world wide web at the following address: www.holley.com/b2b/VendorRoutingGuide.asp
 - (d) Seller shall provide Buyer with a separate invoice for each shipment delivered pursuant to this Purchase Order. Each invoice must bear Buyer's Purchase Order number, Holley part number and quantity of material shipped, mail invoice, chemical and physical reports, if required, immediately after each shipment is made.
 - (e) Seller agrees, in connection with the production of the articles specified herein, to comply with all applicable requirements of Sections 6, 7, 12, and 15 of the Fair Labor Standards Act of 1938, as amended, and of regulations and orders of the United States Department of Labor issued under Section 14 thereof. All invoices must carry the following certificate in order to qualify for payment:

"We hereby certify that these goods were produced in compliance with all applicable requirements of Sections 6, 7, 12 and 15 of the Fair Labor Standards Act, as amended, and of regulations and orders of the United States Department of Labor issued under Section 14 thereof."
 - (f) If Buyer finds it necessary to require shipment of any of the material covered by the Purchase Order by air or railway express rather than by freight because of the failure of Seller to meet the delivery requirements of this Purchase Order, Seller shall reimburse Buyer an amount equal to the difference between the freight rate and the air or railway express rate unless such failure is due to causes beyond the reasonable control and without the fault or negligence of Seller.
 - (g) Seller will abide by WPM regulation, all wood packaging material used in international trade to be treated to kill harmful insects that may be present. WPM must be marked with the international plant protection convention (IPPC) logo, the two-letter international organization for standardization (ISO) code for the country that treated the WPM, the treatment facility number assigned by the national plant protection organization, and either the abbreviation HT(heat treatment) or MB (methyl bromide).
5. DELIVERY - Deliveries are to be made both in quantities and at the time specified on the Purchase Order, or if no specification of time is made, within a reasonable time. Buyer will have no liability for payment for material or items delivered to Buyer which are in excess of quantities ordered. At Buyer's option, Buyer has the right to defer acceptance of any undelivered part of the order until needed by it in the course of production. In the event that Seller or its contractors, subcontractors, representatives and/or nominees have not met any of the terms and conditions of this Purchase Order pertaining to the delivery date, then Buyer shall have the undisputed right and option to complete, to Buyer's satisfaction, any remaining portions of the unfulfilled Order and deduct and offset all charges, costs and expenses, whatsoever relating to the same from sums due Seller. Seller shall be responsible to Buyer for all additional charges, costs and expenses associated with Buyer's completion of the Purchase Order, job or scope of work outlined in this Purchase Order and Buyer may seek reimbursement from Seller for all costs and expenses incurred by Buyer to complete the Purchase Order, job or scope of work outlined in this Purchase Order.
6. EXCUSABLE DELAYS - Seller shall not be liable for delays or defaults in deliveries due to causes beyond its reasonable control and without its fault or negligence. Such causes include, but are not limited to, acts of God or of the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, terrorism, quarantine restrictions, strikes, freight embargoes, and unusually severe weather. Seller shall notify Buyer in writing immediately of any actual or potential delay to the performance of this Purchase Order. Such notice shall include a proposed revised schedule of delivery but such notice and proposal or Buyer's receipt or acceptance thereof shall not constitute a waiver to Buyer's rights and remedies hereunder. If any such delays or defaults shall threaten to impair Buyer's ability to meet its business requirements, Buyer shall have the right at its option and without liability to Seller to cancel the portion of the order so affected. Buyer shall be excused for failure or delay in performance of this Purchase Order due to causes beyond its control.
7. NO WAIVER – Failure of Buyer to insist upon strict performance of any of the terms and conditions herein shall not be deemed a waiver of any rights or remedies that Buyer shall have and shall not be deemed a waiver of any subsequent default of the terms and conditions hereof. The shipping or receiving of any of the goods or services to be delivered to Buyer under this Purchase Order shall not be deemed a waiver by Buyer of any rights for any prior failure by Seller to comply with any of the provisions of this Purchase Order.
8. QUALITY – Seller will accept and follow the requirements of Buyer's supplier quality manual.
9. WARRANTY
 - (a) Seller expressly warrants that all the material and work covered by this order will conform to the specifications, drawings, samples or other description furnished or specified by Buyer, will be merchantable, of good material and workmanship, and free from defects. Seller expressly warrants that all the material covered by the order which is the product of Seller or is in accordance with Seller's specifications, will be fit and sufficient for the purposes intended.
 - (b) This warranty entitlement shall inure to the benefit of both Buyer and Buyer's customers.
 - (c) Seller shall be liable for and save Buyer harmless from any loss, damage, or expense whatsoever that Buyer may suffer from breach of any of these warranties. Remedies shall be at Buyer's election, including repair, replacement, or reimbursement of the purchase price of nonconforming materials and, in the case of services either correction of the defective services at no cost or reimbursement of the amounts paid for such services.

10. CANCELLATION - Time is of the essence and if Seller fails to make deliveries within the time specified in the Purchase Order, such failure shall be considered a material breach of this Purchase Order and Buyer has the option to cancel this Purchase Order or such part or parts thereof to which there has been delay, without incurring cancellation charges, costs, expenses or any other liability. Buyer also reserves the right to cancel without cost to it all or any part of the undelivered portion of the order if Seller breaches any of the terms hereof, including the warranties of Seller. In the event of partial cancellations, Seller is not excused from performance of the non-terminated balance of work under the Purchase Order.
11. TERMINATION
- (a) Buyer may, by notice in writing, terminate this Purchase Order or work under this Purchase Order for convenience and without cause, in whole or in part, at any time, and such termination shall not constitute default. In the event of partial termination, Seller is not excused from performance of the non-terminated balance of work under the Purchase Order. In the event of a termination Seller shall stop work immediately, notify subcontractors to stop work, and protect property in Seller's possession in which Buyer has or may acquire an interest. If Buyer has exercised its right to terminate pursuant to this Section 10, Seller may file a written claim for reimbursement for Seller's actual costs incurred up to and including the date of termination which are properly allocable to or apportionable under recognized accounting practices to the terminated portion of this Purchase Order, including liabilities to subcontractors which are so allocable, and acceptable finished units at the Purchase Order price not previously billed or paid for but excluding any charge or interest or any materials which Seller may be able to divert to other orders. Seller may also claim a reasonable profit on the work actually done by Seller prior to such termination the rate of which shall not exceed the rate used in establishing the original Purchase Order price. The total value of such claim shall not, however, exceed the canceled commitment value of the Purchase Order. Seller's obligations, including but not limited to obligations under the warranty, proprietary rights, infringement, and indemnity against claims provisions of this Purchase Order, shall survive any termination or cancellation hereunder.
- (b) The obligation of Buyer to make any of the payments required by this Section 10 shall be subject to any unsettled claim for labor or materials and to any claim which Buyer may have against Seller under or in connection with this Purchase Order or otherwise, and payments under this Section 10 shall be subject to reasonable deductions by Buyer on account of defects, incomplete or partially completed material or services delivered hereunder.
- (c) Seller may not terminate work under this Purchase Order without written approval by Buyer. In the event Seller terminates work under this Purchase Order, Buyer shall not be obligated for cost to it of any part of the undelivered portion of the order, including finished units, partially finished units and any materials.
12. INSPECTION - All material and services will be subject to inspection, test, and rejection at Buyer's factories by Buyer or Buyer's customer before, during, and after performance and delivery. Buyer may require Seller to repair, replace, or reimburse the purchase price of rejected material or Buyer may accept any materials and upon discovery of nonconformance, may reject or keep and rework and such materials not so conforming. Cost of repair, rework, replacement, inspection, transportation, repackaging, an/or reinspection by Buyer shall be at Seller's expense. Payment for material and/or services on the order prior to inspection shall not constitute an acceptance. Buyer's failure to inspect does not relieve Seller of any responsibility to perform according to the terms of this Purchase Order.
13. CHANGES IN SPECIFICATIONS - Buyer reserves the right at any time to suspend work or to make changes in the services to be rendered or the materials to be furnished by Seller hereunder or the delivery date. If such suspension or changes cause an increase or decrease in the cost of performance of this Purchase Order or in the time required for its performance, an equitable adjustment shall be negotiated promptly and this Purchase Order shall be modified in writing accordingly. Any claim by Seller for adjustment under this Section 12 must be asserted in writing within twenty (20) days from the date of receipt by Seller of notification of the change or suspension and shall be followed as soon as practicable with specification of the amount claimed and supporting cost figures. However, nothing herein shall excuse Seller from proceeding with this Purchase Order as changed pending resolution of the claim.
14. PROPRIETARY RIGHTS
- (a) Unless otherwise expressly agreed in writing to the contrary, all specifications, information, data, drawings, software, special tools, dies, molds, patterns, jig and fixtures and other materials (a) obtained or developed by Seller in the performance of this Purchase Order or paid for or to be paid for by Buyer or (b) supplied to Seller by Buyer, shall be proprietary to Buyer, shall be used only for purposes of providing goods or services to Buyer pursuant to this Purchase Order, and shall not be disclosed to any third party without Buyer's express written consent. Such tools and/or materials are to be maintained in satisfactory working and or usable condition and fully covered by insurance and free of liens and encumbrances at all times without expense to Buyer. All such items supplied by Buyer, obtained or developed by Seller in performance of this Purchase Order, or paid for by Buyer shall be promptly provided to Buyer on request or upon completion of this Purchase Order unless otherwise agreed by Buyer in writing.
- (b) All items listed in Section 13(a) may be inspected and/or removed by Buyer, at any time Buyer desires to do so, without being liable for trespass or damages of any sort, after payment due therefor, if any, has been made by Buyer, or upon failure of Seller to produce parts in quantities and/or of the quality level required by Buyer. Further, in the event of any foreseeable or suspected reason why Seller may be unable to supply parts in the required quantities of the required quality, such as in the event of an impending strike or lock-out or any other cause, Seller will promptly advise Buyer and, if Buyer so requests, physically remove such tools and/or materials from its plant to another location so as to facilitate Buyer's taking possession thereof. Each of such item shall be clearly stamped or stenciled with a tool number and a part number so as to make it identifiable with the part produced thereby. All of such items shall be clearly labeled as property of Buyer.
- (c) Unless otherwise expressly agreed in writing to the contrary, all specifications, information, data, drawings, software, and other items supplied to Buyer by Seller shall be disclosed to Buyer on a non-proprietary basis and may be used and/or disclosed by Buyer without restriction, unless (i) otherwise required by U.S. Government regulations, or (ii) Buyer has executed a separate agreement restricting the use and disclosure of such information, data, software and the like.
- (d) Unless otherwise expressly agreed in writing to the contrary, any invention or intellectual property first made or conceived by Seller in the performance of this Purchase Order or which is derived from or based on the use of information supplied by Buyer shall be considered to be the property of Buyer, and Seller shall execute such documents necessary to perfect Buyer's title thereto. Unless otherwise expressly agreed in writing to the contrary, any work performed pursuant to this Purchase Order which includes any copyright interest shall be considered a "work made for hire."
15. GOVERNING LAW - This Order shall be construed and interpreted in accordance with the laws of the State of Kentucky. Buyer and Seller agree that any court action between the parties to enforce the provisions of this Purchase Order or resolve any dispute related to this Purchase Order, shall be initiated in the state or federal courts with jurisdiction for or over Warren County, Kentucky.
16. REMEDIES - The rights and remedies reserved in these terms and conditions shall be cumulative and in addition to any other or further rights and remedies provided in law or equity. No waiver of breach of any provision of these terms and conditions shall constitute a waiver of any other breach, or of such provision. Should Buyer employ an attorney or attorneys to enforce any of the provisions hereof or to protect its interest in any manner arising under this Purchase Order, or to recover damages for breach of this Purchase Order by Seller, Seller agrees to pay Buyer all reasonable costs, damages and expenses, including attorneys' fees, expended or incurred in connection therewith.
17. INFRINGEMENT - By accepting this Purchase Order, Seller warrants that all work, materials, services, equipment, parts and other items provided by Seller pursuant to this Purchase Order, which are not of Buyer's design, shall be free from claims of infringement (including misappropriation) of third party intellectual property rights, including but not limited to U.S. or foreign Letter Patents, and that any use or sale of such items by Buyer or any of Buyer's customers shall be free from any claims of infringement. Seller agrees to indemnify, defend, protect and save Buyer, its successors, assigns customers, and users of its products harmless from any and all expenses, liability, and loss of any kind (including all costs and expenses including attorneys' fees) arising out of claims, suits, or actions alleging such infringement, which claims, suits, or actions Seller,

hereby, agrees to defend, at Seller's expense, if requested to do so by Buyer. If the use or sale of any of the items provided by Seller pursuant to this Purchase Order is enjoined as a result of such claim, suit, or action, Seller, at no expense to Buyer, shall obtain for Buyer and its customers the right to use and sell said item.

18. **CONFIDENTIALITY** - All information and materials supplied by Buyer to Seller relating to this Purchase Order are proprietary to, and may contain trade secrets of, Buyer. Seller may not reproduce or distribute such information to any third party or any other person except its own employees who require such information as part of their duties in fulfilling this Purchase Order. Seller shall strictly maintain the confidentiality of all such information furnished by Buyer (except information previously available to Seller from sources other than Buyer and information in the public domain or disclosed pursuant to a binding governmental requirement). Seller shall not sell, transfer or loan to any entity (except Buyer) or otherwise make use of (i) products manufactured from specifications or other information originating from or furnished by Buyer; or (ii) products identified with Buyer's trademarks or trade names or contained in containers or wrappings so identified. In addition, without Buyer's prior written consent, Seller shall not advertise or publish in any manner that Seller has contracted with or has furnished products or services to Buyer.
19. **INSURANCE** - Seller agrees to indemnify, hold harmless and protect Buyer against all liabilities, claims or demands for injuries or damages to any person or property arising out of the fulfillment of this Purchase Order. Seller further agrees to furnish, upon Buyer's request, insurance carrier's Certificate(s) showing that Seller had adequate Worker's Compensation, public liability, and property damage insurance. Seller must also furnish an insurance carrier's Certificate showing that Seller has Commercial General Liability coverage in the minimum limits of \$1 million per occurrence, \$1 million aggregate. Said Certificate(s) must set forth the amount of coverage, number of policy and date of the expiration. If Seller is a self-insurer, the Certificate of the Department of Labor and Industry of the state in which said labor is to be performed must be furnished by such Department directly to Buyer.
20. **LIENS** - Seller expressly waives any and all mechanics, materialmen's or other liens which Seller might otherwise have against any of the goods, equipment, work, material, labor and services to be delivered under this Purchase Order or property of Buyer arising out of Seller's providing any goods, equipment, work, material, services, or labor ordered hereunder, and Seller shall require all of Seller's subcontractors to waive all such liens and shall provide evidence of such waivers to Buyer prior to performance or delivery pursuant to this Purchase Order. Seller shall ensure and guarantee that all items sold or delivered to Buyer are free and clear of all taxes, liens, encumbrances of any nature whatsoever, and a bill of sale shall be issued immediately upon completion of delivery of such items to Buyer or upon completion of work performed as specified by Buyer.
21. **LAWS** - Seller warrants that the materials to be furnished and the services to be rendered under this Purchase Order shall be manufactured, sold, used and rendered in compliance with all relevant federal, state and local law, orders, rules, ordinances, and regulations and in compliance with applicable international prohibitions on child labor and agrees to hold Buyer harmless from all liability resulting from failure of such compliance. Seller agrees to comply with Section 503 of the Rehabilitation Act of 1973 and the Vietnam Era Veterans Readjustment Assistance Act of 1974.
22. **INSOLVENCY** - If Seller shall become insolvent or make a general assignment for the benefit of its creditors, or if a petition in bankruptcy shall be filed by or against it, or proceeding shall be instituted by or against it for any relief under any bankruptcy or insolvency laws or any laws relating to the relief of debtors, readjustment or indebtedness, reorganization, compositions or extensions, or if a receiver shall be appointed of its property or assets Buyer may cancel this order without cost or penalty.
23. **TAXES** - Unless this Purchase Order specifies otherwise, the price of this Purchase Order includes, and Seller is liable for and shall pay, all taxes, impositions, charges, and exactions imposed on or measured by this Purchase Order except for applicable sales and use taxes that are separately stated on Seller's invoice. Prices shall not include any taxes, impositions, charges or exactions for which Buyer is exempted by the Exemption Certificate below or other evidence of exemption given to Seller by Buyer. To the extent that Buyer is required to do so under applicable United States law or tax regulations, Buyer may deduct from any payments due to Seller pursuant to this Purchase Order such taxes as Buyer is required to withhold from such payments and pay such taxes to the relevant tax authorities; provided, however, that Buyer provides Seller with relevant tax receipts or other suitable documentation evidencing the payment of such taxes promptly after such taxes are paid.
24. **SEVERABILITY** - If any provision of this Purchase Order or application thereof is found invalid, illegal or unenforceable by law, the remainder of this Purchase Order will remain valid, enforceable and in full force and effect, and the parties will negotiate in good faith to substitute a provision of like economic intent and effect for the provision found to be invalid, illegal or unenforceable by law
25. **SUBCONTRACTORS** - Vendor will comply, and will use commercially reasonable efforts to ensure that its subcontractors, suppliers and agents comply, with Laws; (h) no Product will be (1) produced, manufactured, assembled, or packed by Vendor by forced, prison, or child (defined as age 14 or the minimum working age within the applicable jurisdiction, whichever is older) labor, or (2) transshipped for the purpose of mislabeling, evading quota or country of origin restrictions, or avoiding compliances with labor Laws;

EXEMPTION CERTIFICATE

(Purchases for further manufacture under Section 3442 (1) of the Internal Revenue Code)

The undersigned, whichever is applicable, hereby certifies that it is a manufacturer or a producer of articles taxable under Chapter 29, Subchapter A of the Internal Revenue Code, as amended, and holds certificate of registry numbers, issued by the Director of Internal Revenue at New York, New York, and that the article or articles specified in the order relating hereto will be used by it as material in the manufacture or production of, or as a component part of, an article or articles enumerated in such Subchapter A, to be manufactured or produced by it.

It is understood that for all the purposes of such Subchapter A the undersigned will be considered the manufacturer or producer of the articles purchased hereunder, and (except as specifically provided by law) must pay tax on resale or use, otherwise than is specified above of the articles purchased hereunder. It is further understood that the fraudulent use of this certificate to secure exemption will subject the undersigned and all guilty parties to revocation of the privilege of purchasing tax free and to a fine of not more than \$10,000 or to imprisonment for not more than five years, or both, together with costs of prosecution.

Certificate of Registry No. 131846375 affects each of the following locations:

Holley Performance Products, Inc.
1801 Russellville Road
Bowling Green, Kentucky 42101

Lunati Performance Products
11126 Willow Ridge Drive
Olive Branch, MS 38654

Holley Performance Products, Inc.
%CASAS International
9355 Airway Road
San Diego, California 92154

Earl's Performance Products
19302 South Laurel Park Road
Rancho Dominguez, CA 90220

Holley Performance Products, Inc.
704 Highway 25 South
Aberdeen, Mississippi 39730

Casler De Mexico SA DE CV
Calle Once Notre no 650 cd Industrial de Otay
22500 Tijuana Baja California Mexico