

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**FORM 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended October 31, 2014**

**Commission file no. 0-21964**

**Shiloh Industries, Inc.**

(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation or organization)

**51-0347683**  
(I.R.S. Employer  
Identification No.)

**880 Steel Drive, Valley City, Ohio 44280**  
(Address of principal executive offices—zip code)

**(330) 558-2600**  
(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

**Common Stock, Par Value \$0.01 Per Share**

**Securities registered pursuant to Section 12(g) of the Act:**

**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes  No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in the Exchange Act Rule 12b-2). Yes  No

Aggregate market value of Common Stock held by non-affiliates of the registrant as of April 30, 2014, the last business day of the registrant's most recently completed second fiscal quarter, at a closing price of \$19.74 per share as reported by the Nasdaq Global Market, was approximately \$165,925,636. Shares of Common Stock beneficially held by each executive officer and director and their respective spouses and affiliates have been excluded since such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

Number of shares of Common Stock outstanding as of January 12, 2015 was 17,220,284.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Parts of the following document are incorporated by reference into Part III of this Annual Report on Form 10-K: the Proxy Statement for the registrant's 2015 Annual Meeting of Stockholders (the "Proxy Statement").

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## INDEX TO ANNUAL REPORT ON FORM 10-K

### Table of Contents

		<u>Page</u>
<b>PART I:</b>		
Item 1.	<a href="#">Business</a>	<u>3</u>
Item 2.	<a href="#">Properties</a>	<u>7</u>
Item 3.	<a href="#">Legal Proceedings</a>	<u>7</u>
Item 4.	<a href="#">Mine Safety Disclosures</a>	<u>7</u>
<b>PART II:</b>		
Item 5.	<a href="#">Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</a>	<u>8</u>
Item 7.	<a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	<u>9</u>
Item 8.	<a href="#">Financial Statements and Supplementary Data</a>	<u>22</u>
Item 9.	<a href="#">Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</a>	<u>62</u>
Item 9A.	<a href="#">Controls and Procedures</a>	<u>62</u>
Item 9B.	<a href="#">Other Information</a>	<u>64</u>
<b>PART III:</b>		
Item 10.	<a href="#">Directors, Executive Officers and Corporate Governance</a>	<u>65</u>
Item 11.	<a href="#">Executive Compensation</a>	<u>66</u>
Item 12.	<a href="#">Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</a>	<u>66</u>
Item 13.	<a href="#">Certain Relationships and Related Transactions, and Director Independence</a>	<u>66</u>
Item 14.	<a href="#">Principal Accountant Fees and Services</a>	<u>66</u>
<b>PART IV:</b>		
Item 15.	<a href="#">Exhibits and Financial Statement Schedules</a>	<u>67</u>

## PART I— FINANCIAL INFORMATION

### SHILOH INDUSTRIES, INC.

#### PART I

#### Item 1. Business.

##### General

Shiloh Industries, Inc. ("Shiloh", the "Company", "we", "us" or "our") is a Delaware corporation incorporated in 1993. The Company is a leading global supplier of lightweighting and noise, vibration and harshness (NVH) solutions to the automotive, commercial vehicle and industrial markets. The Company, headquartered in Valley City, Ohio, has a global network of manufacturing operations and technical centers in Asia, Europe and North America.

The Company offers one of the broadest portfolio of lightweighting solutions to the automotive, commercial vehicle and industrial markets, capable of delivering solutions in aluminum, magnesium, steel and steel alloys. Shiloh delivers these solutions through the design and manufacturing of its BlankLight™, CastLight™ and StampLight™ brands.

Shiloh delivers solutions in body, chassis and powertrain systems to original equipment manufacturers ("OEMs") and several "Tier 1" suppliers to the OEM's.

##### Acquisitions

On September 30, 2014, the Company, through a wholly-owned subsidiary, consummated the transactions contemplated by the Asset Purchase Agreement, dated September 30, 2014 (the "Radar Agreement"), with Radar Industries, Inc., and Radar Mexican Investments, LLC, who produce engineered metal stampings and machined parts for the motor vehicle industry. The final purchase price for the asset acquisition, funded in cash, was \$57.9 million.

On June 30, 2014, the Company, through a wholly-owned subsidiary, consummated the transactions contemplated by the Share Sale and Purchase Agreement, dated May 21, 2014 (the "FMS Agreement"), among the subsidiary and Finnveden AB, Shiloh Holdings Sweden AB, and FinnvedenBulten AB, a producer of components and products of steel and magnesium primarily for the motor vehicle industry. The final purchase price for the share sale, funded in cash, was \$72.6 million.

##### Products and Manufacturing Processes

The Company produces components primarily for body, chassis and powertrain systems.

- Body systems components include: shock towers, instrument panel / cross car beams, torque boxes, tunnel supports, seat supports, seat back frames, hinge pillars, liftgates, door inners, roof supports / roof panels, dashpanels, body sides and B and C pillars.
- Chassis systems components include: cross members, frame rails, axle carriers, bearing caps, axle covers, axle housings, clutch housings, PTU covers, axle tubes, rack and pinion housings, steering column housings, knuckles, links, wheel hubs, calipers, master cylinders, steering pumps, brake components, wheel blanks and flanges.
- Powertrain systems components include: planetary carriers, clutch housings, transmission gear housings, engine valve covers, valve bodies, rocker arm spacers, heat shields, exhaust manifolds, cones, baffles, muffler shells, engine oil pans, transmission fluid pans, front covers, and transmission covers.

- The Company also performs steel processing services, which include: oiling, leveling, cutting-to-length, multi-blanking, slitting, edge trimming of hot and cold-rolled steel coils and inventory control services.

## Customers

The Company's customers are primarily in the automotive, commercial vehicle and industrial sectors. It works closely with the world's leading OEM and Tier 1 suppliers and has over 100 customers globally. The Company's automotive OEM customers include, without limitation, Audi, Bayerische Motoren Werke AG ("BMW"), Daimler, Fiat Chrysler Automobiles ("Chrysler"), Ford Motor Company ("Ford", General Motors Company ("General Motors"), Nissan Motor Company, Ltd. ("Nissan"), Porsche, Tesla, Toyota, and Volvo Car Company. Tier 1 customers include, without limitation, American Axle Manufacturing, Aisin, Dana, Delphi, Faurecia, IAC, Johnson Controls Inc., Lear, Magna, Tenneco, and ZF Friedrichshafen AG. The Company's commercial vehicle and industrial customers include, without limitation, Cummins, Hendrickson International, PACCAR, Scania AB, Velocys and Volvo AB.

The following customers accounted for more than 10% of the Company's revenues in fiscal 2014 and 2013 .

Customer	Revenues	
	2014	2013
Chrysler	13.9%	15.6%
General Motors	16.4%	20.9%

## Raw Materials

The basic materials required for the Company's operations are hot-rolled, cold-rolled and coated steel and aluminum and magnesium ingot. The Company obtains steel from a number of primary steel producers and steel service centers. The majority of the steel is purchased through customers' steel buying programs. Under these programs, the Company purchases steel at the price that its customers negotiated with the steel suppliers. The Company's most significant steel suppliers are AK Steel, ArcelorMittal, SSAB Swedish Steel Corporation, Steel Technologies, Tibnor and U.S. Steel. The Company takes ownership of the steel in many instances; however, the customers are responsible for commodity price fluctuations. Most of the steel owned by the Company is purchased locally. A portion of the Company's steel products and processing services are provided to customers on a toll processing basis. Under these arrangements, the Company charges a specified fee for operations performed without acquiring ownership of the steel and being burdened with the attendant costs of ownership and risk of loss. Through centralized purchasing, the Company attempts to purchase raw materials at the lowest competitive prices for the quantity purchased. The amount of steel available for processing is a function of the production levels of primary steel producers.

For the Company's aluminum and magnesium die casting business, the cost is handled in one of two ways. The primary method used by the Company is to secure quarterly purchase commitments based on customer releases and then pass the quarterly price changes to those customers utilizing published metal indexes. The second method used by the Company is to adjust prices monthly, based on a referenced metal index plus additional material cost spreads agreed to by the Company and its customers.

## Competition

Shiloh is a leader in the laser welding, stamping, die casting and close-tolerance machining markets. Competitors within Shiloh's main product lines vary. BlankLight™ competitors include numerous metal blanking companies ranging in all sizes, including raw material manufacturers and customers. Welded blank competition in North America is primarily comprised of TWB Company and ArcelorMittal Tailored Blanks. Most laser welded blank competitors are affiliated with raw material or distribution providers. Competition for sales of automotive stamping and assemblies is also intense. Primary StampLight™ competitors are Gestamp, L&W, Inc., Flex-n-Gate, Midway Products Group, Narmco Group and Kirchhoff Automotive Group. CastLight™ competitors include Bocar Group, Cosma International (a Magna Company), Georg Fischer, KSM Casting Group, Madison Kipp Corporation (MKC), Meridian (subsidiary of Wangfeng Auto Holdings Group), Nematik, Pace Industries, RCM Industries and Ryobi whom are all competing for a growing number of automotive projects. In all instances, Shiloh competes through its main strategy of "Lightweighting without compromise®", the ability to provide

solutions that do not compromise part integrity such as performance, safety, sound and efficiency. Development and design optimization to lightweight products allow customers to achieve vehicle weight, fuel economy and/or ride and handling targets.

**Employees**

As of October 31, 2014, the Company had approximately 3,200 employees. Organized labor unions represent approximately 13% of the Company's U.S. hourly employees and approximately 60% of the Company's non-U.S. employees.

The collective bargaining agreements at the Company's unionized manufacturing facilities have their own expiration dates and, as a result, no contract expiration date affects more than one facility.

**Backlog**

A significant portion of the Company's business pertains to automobile platforms for various model years. Orders against these platforms are subject to releases by the customer and are not considered firm orders. Backlog, therefore, is not a meaningful indicator of future performance.

**Seasonality**

The Company's business is moderately seasonal because many North American OEM customers close assembly plants for two weeks in July for model year changeovers and for an additional week during the December holiday season. OEM customers in Europe historically shut down vehicle production during portions of July and August and one week in December. Shut-down periods in the rest of world vary by country. The aftermarket experiences seasonal fluctuations in sales due to demands caused by weather and driving patterns. Historically, the Company's sales and operating profits have been strongest in the second quarter. For additional information, refer to the Company's quarterly financial results contained in Note 17 to the Consolidated Financial Statements, included in Item 8 of this report.

**Environmental Matters**

The Company is subject to environmental laws and regulations concerning emissions to the air, discharges to waterways and generation, handling, storage, transportation, treatment and disposal of waste and hazardous materials.

The Company is also subject to laws and regulations that can require the remediation of contamination that exists at current or former facilities. In addition, the Company is subject to other federal and state laws and regulations regarding health and safety matters. Each of the Company's production facilities has permits and licenses allowing and regulating air emissions and water discharges. While the Company believes that at the present time its production facilities are in substantial compliance with environmental laws and regulations, these laws and regulations are constantly evolving, and it is impossible to predict whether compliance with these laws and regulations may have a material adverse effect on the Company in the future.

ISO 14001 is a voluntary international standard issued in September 1996 by the International Organization for Standardization. ISO 14001 identifies the elements of an Environmental Management System ("EMS") necessary for an organization to effectively manage its effect on the environment. The ultimate objective of the standard is to integrate the EMS with overall business management processes and systems so that environmental considerations are a routine part of business decisions. It is the Company's plan to have all facilities certified to the ISO 14001 standard. The Company has completed the certification process at each of its manufacturing facilities to the ISO/TS 16949 standard, which is the global benchmark for an international quality management system ("QMS") in the automotive industry. This certification is a market requirement for doing business in the automotive industry.

**Segment and Geographic Information** (Dollars in thousands)

The Company conducts its business and reports its information as one operating segment - Automotive Products. The Chief Executive Officer of the Company has been identified as the chief operating decision maker because he has final authority over performance assessment and resource allocation decisions. In determining that one operating segment is appropriate, the Company considered the nature of its business activities, the existence of managers responsible for its operating activities and information presented to the Board of Directors for its consideration and advice. Furthermore, the Company is a full service manufacturer of metal components predominately for the automotive and commercial vehicles markets. Customers and suppliers are substantially the same among operations, and all processes entail the acquisition of metal and the processing of the metal for use in these markets.





The below chart summarizes our geographic mix as a percent of total revenues and long-lived assets (net property, plant and equipment) for fiscal years 2014 and 2013, respectively.

	Revenues		Long-Lived Assets	
	2014	2013	2014	2013
Europe	5.6%	—%	13.1%	—%
Mexico	5.2%	5.9%	7.3%	7.3%
United States	89.2%	94.1%	79.5%	92.7%
Total	100.0%	100.0%	NaN	100.0%

### Company Web Site and Access to Filed Reports

The Company's website is located at <http://www.shiloh.com>. On its website, you can obtain a copy of annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act of 1934, as amended, as soon as reasonably practicable after the Company files such material electronically with, or furnishes it to, the Securities and Exchange Commission. A copy of these filings is available to all interested parties upon email request to [investor@shiloh.com](mailto:investor@shiloh.com). The Company does not incorporate its website into this Form 10-K, and information on the website is not and should not be considered part of this document.

The Company files annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any document the Company files with the Securities and Exchange Commission ("SEC") at its Public Reference Room at 100 F Street, N.E., Washington D.C. 20549. You may obtain information about the operation of the SEC's Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website that contains reports, proxy and information statements, and other information regarding registrants that file electronically with the SEC (<http://www.sec.gov>).

**Item 2. Properties.**

The Company owns its principal executive offices, which are located at 880 Steel Drive, Valley City, Ohio 44280.

The Company maintains 25 manufacturing facilities and 4 technical and administrative facilities located in Asia, Europe and North America encompassing approximately 4.2 million square feet. Of the 29 facilities, 12 are leased.

We believe that substantially all of our facilities are well maintained and in good operating condition. They are considered adequate for present needs and are expected to remain adequate for the near future.

**Item 3. Legal Proceedings.**

The Company is involved in various lawsuits arising in the ordinary course of business. In management's opinion, the outcome of these matters will not have a material adverse effect on the Company's financial condition, results of operations or cash flows.

**Item 4. Mine Safety Disclosures.**

Not Applicable.

**PART II****Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

The Company's Common Stock is traded on the Nasdaq Global Market under the symbol "SHLO." On January 12, 2015, the closing price for the Company's Common Stock was \$14.68 per share.

The Company's Common Stock commenced trading on the Nasdaq National Market on June 29, 1993. The table below sets forth the high and low bid prices for the Company's Common Stock for its four quarters in each of 2014 and 2013.

Quarter	2014		2013	
	High	Low	High	Low
1st	\$ 25.34	\$ 14.42	\$ 11.48	\$ 9.80
2nd	\$ 20.96	\$ 14.19	\$ 11.00	\$ 9.25
3rd	\$ 19.95	\$ 15.15	\$ 13.28	\$ 9.59
4th	\$ 19.49	\$ 15.10	\$ 16.42	\$ 11.08

As of the close of business on January 12, 2015, there were 116 stockholders of record for the Company's Common Stock. The Company believes that the actual number of stockholders of the Company's Common Stock exceeds 4,000. The Company did not repurchase any of its equity securities during fiscal 2014.

On December 28, 2012, the Company paid aggregate dividends of \$4,246,000, resulting from the special dividend of \$0.25 per share that the Board of Directors approved and the Company announced on December 7, 2012. The Company did not pay any dividends in 2014.

Please see Item 12, Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters for securities authorized for issuance under equity compensation plans.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

(Dollars in thousands, except per share data)

**General**

The Company is a leading global supplier of lightweighting and noise, vibration and harshness (NVH) solutions to the automotive, commercial vehicle and other industrial markets. The Company offers one of the broadest portfolios of lightweighting solutions in the automotive, commercial vehicle and industrial industries, capable of delivering solutions in steel, steel alloys, aluminum and magnesium. Shiloh delivers these solutions through design, engineering and manufacturing of first operation blanks, engineered welded blanks, complex stampings, modular assemblies and highly engineered aluminum and magnesium die casting and machined components which serve the automotive, commercial vehicle and other industrial sectors of original equipment manufacturers ("OEMs") and, as a Tier II supplier, to Tier I automotive part manufacturers who in turn supply OEM's. Additionally, the Company provides a variety of intermediate steel processing services, such as oiling, leveling, cutting-to-length, multi-blanking, slitting, edge trimming of hot and cold-rolled steel coils and inventory control services for automotive and steel industry customers. The Company has locations in Asia, Europe and North America.

The products that the Company produces supply many models of vehicles manufactured by nearly all OEMs that produce vehicles in North America and Europe. The Company's year to date revenues were dependent upon the production of automobiles and light trucks in both Europe and North America of the US traditional manufacturers, such as Chrysler, Ford, and General Motors, the US Asian OEMs (defined as Honda, Hyundai, Renault/Nissan, Subaru, and Toyota) and other US OEMs (defined as BMW, Daimler, Tesla and Volkswagen) and heavy duty and industrial vehicles. According to industry statistics (published by IHS Automotive), Europe and North America production volumes for the fiscal years ended October 31, 2014 and 2013 were as follows:

<b>European Production</b>	<b>Year Ended October 31,</b>			
	<b>2014</b>	<b>2013</b>	<b>Increase (decrease)</b>	<b>% Increase (decrease)</b>
	<b>(Number of Vehicles in Thousands)</b>			
Central Europe	3,629	3,303	326	9.9 %
East Europe	3,292	3,452	(160)	(4.6)%
West Europe	13,211	12,533	678	5.4 %
Total	20,132	19,288	844	4.4 %
	<hr/>			
<b>North American Production</b>	<b>Year Ended October 31,</b>			
	<b>2014</b>	<b>2013</b>	<b>Increase</b>	<b>% Increase</b>
	<b>(Number of Vehicles in Thousands)</b>			
Chrysler, Ford and GM	9,081	8,780	301	3.4%
Asian OEM's	6,402	6,018	384	6.4%
Other OEM's	1,361	1,288	73	5.7%
Total	16,844	16,086	758	4.7%

Another significant factor affecting the Company's revenues is the Company's ability to successfully bid on and win the production and supply of parts for models that will be newly introduced to the market by the OEMs. These new model introductions typically go through a start of production phase with build levels that are higher than normal because the consumer supply network is filled to ensure adequate supply to the market, resulting in an increase in the Company's revenues for related parts at the beginning of the cycle.

The Company operates in an extremely competitive industry, driven by global vehicle production volumes. Business is typically awarded to the supplier offering the most favorable combination of cost, quality, technology and service.

Customers continue to demand periodic cost reductions that require the Company to assess, redefine and improve operations, products, and manufacturing capabilities to maintain and improve profitability. Management continues to develop and execute initiatives designed to meet challenges of the industry and to achieve its strategy for sustainable global profitable growth.

Capacity utilization levels are very important to profitability because of the capital-intensive nature of the Company's operations. We continue to adapt our capacity to meet customer demand, both expanding capabilities in growth areas as well as reallocating capacity between manufacturing facilities as needs arise. We deploy new technologies to differentiate our products

from our competitors and to achieve higher quality and productivity. The Company believes that it has sufficient capacity to meet its current and expected manufacturing needs.

The significant majority of the steel purchased by the Company's stamping and engineered welded blank products is purchased through the customers' steel buying programs. Under these programs, the customer negotiates the price for steel with the steel suppliers. The Company pays for the steel based on these negotiated prices and passes on those costs to the customer. Although the Company takes ownership of the steel, the customers are responsible for all steel price fluctuations under these programs. The Company also purchases steel directly from local primary steel producers and steel service centers. Steel pricing has generally been flat over the most recent quarters based on open capacity with the steel producers with nominal increases in demand. The Company blanks and processes steel for some of its customers on a toll processing basis. Under these arrangements, the Company charges a tolling fee for the operations that it performs without acquiring ownership of the steel and being burdened with the attendant costs of ownership and risk of loss. Revenues from operations involving directly owned steel include a component of raw material cost whereas toll processing revenues do not.

For the Company's aluminum and magnesium die casting operations, the cost of aluminum and magnesium may be handled one of two ways. The primary method used by the Company is to secure quarterly aluminum and magnesium purchase commitments based on customer releases and then pass the quarterly price changes to those customers utilizing published metal indices. The second method used by the Company is to adjust prices monthly based on a referenced metal index plus additional material cost spreads agreed to by the Company and its customers.

Engineered scrap metal is a planned by-product of the Company's processing operations and is accounted for in our quoted cost to each customer. Net proceeds from the disposition of scrap metal contributes to gross profit by offsetting the increases in the cost of metal and the attendant costs of quality and availability. Changes in the price of metal may impact the Company's results of operations because raw material costs are the largest component of cost of sales in processing directly owned metal. The Company actively manages its exposure to changes in the price of metal and, in most instances, can pass along the price fluctuations of metal to its customers.

**Recent Trends and General Economic Conditions Affecting the Automotive Industry**

Our business and operating results are directly affected by the relative strength of the North American and European automotive industries, which are driven by macro-economic factors such as gross domestic product growth, consumer income and confidence levels, fluctuating commodity, currency and gasoline prices, automobile discount and incentive offers and perceptions about global economic stability. The automotive industry remains susceptible to these factors that impact consumer spending habits and could adversely impact consumer demand for vehicles.

The production of cars and light trucks for fiscal year 2014 in North America according to industry results (published by IHS Automotive in November 2014) was approximately 16,844,000 units, which reflects an improvement of 4.7% over fiscal year 2013's vehicle production of approximately 16,086,000 units. The improved vehicle production reflects an improvement in economic conditions and consumer demand in North America. The Company continues to closely monitor customer release volumes even though the overall economic environment in North America reflects improvement and there is evidence that the North American economy is strengthening. Changes in the North American government fiscal policy could impact levels of unemployment and consumer confidence, which could adversely impact consumer demand for vehicles.

The production of cars and light trucks for fiscal year 2014 in Europe according to industry results (published by IHS Automotive in November 2014) was approximately 20,132,000 units which reflects an improvement of 4.4% over fiscal 2013's vehicle production of approximately 19,288,000 units. This region experienced higher production levels, primarily due to increased European consumer demand, as a result of higher consumer confidence and the release of pent-up demand for vehicles. The Company is cautiously optimistic that consumer demand levels will remain steady; however, we will continue to monitor the geopolitical concerns that could impact this region.



## Critical Accounting Policies

Preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The Company believes its estimates and assumptions are reasonable; however, actual results and the timing of the recognition of such amounts could differ from those estimates. The Company has identified the following items as critical accounting policies and estimates utilized by management in the preparation of the Company's following financial statements. These estimates were selected because of inherent imprecision that may result from applying judgment to the estimation process. The expenses and accrued liabilities or allowances related to these policies are initially based on the Company's best estimates at the time they are recorded. Adjustments are charged or credited to income and the related balance sheet account when actual experience differs from the expected experience underlying the estimates. The Company makes frequent comparisons of actual experience and expected experience in order to mitigate the likelihood that material adjustments will be required.

*Revenue Recognition.* The Company recognizes revenue both for sales from toll processing and sales of products made with Company owned metal when there is evidence of a sales agreement, the delivery of goods has occurred, the sales price is fixed or determinable and collectability of revenue is reasonably assured. The Company records revenues upon shipment of product to customers and transfer of title under standard commercial terms. Price adjustments, including those arising from resolution of quality issues, price and quantity discrepancies, surcharges for fuel and/or steel and other commercial issues, are recognized in the period when management believes that such amounts become probable, based on management's estimates.

*Allowance for Doubtful Accounts.* The Company evaluates the collectability of accounts receivable based on several factors. In circumstances where the Company is aware of a specific customer's inability to meet its financial obligations, a specific allowance for doubtful accounts is recorded against amounts due to reduce the net recognized receivable to the amount the Company reasonably believes will be collected. Additionally, a general allowance for doubtful accounts is estimated based on historical experience of write-offs and the current financial condition of customers. The financial condition of the Company's customers is dependent on, among other things, the general economic environment, which may substantially change, thereby affecting the recoverability of amounts due to the Company from its customers.

The Company carefully assesses its risk with each of its customers and considers compliance with terms and conditions, aging of the customer accounts, intelligence learned through contact with customer representatives and right of offset of its net account receivable / account payable position with customers, if applicable, in establishing the allowance.

*Inventory Reserves.* Inventories are valued at the lower of cost or market. Cost is determined on the first-in, first-out basis. Where appropriate, standard cost systems are used to determine cost and the standards are adjusted as necessary to ensure they approximate actual costs. Estimates of lower of cost or market value of inventory are based upon current economic conditions, historical sales quantities and patterns, and in some cases, the specific risk of loss on specifically identified inventories.

The Company values inventories on a regular basis to identify inventories on hand that may be obsolete or in excess of current future projected market demand. For inventory deemed to be obsolete, the Company provides a reserve for the full value of the inventory, net of estimated realizable value. Inventory that is in excess of current and projected use is reduced by an allowance to a level that approximates future demand. Additional inventory reserves may be required if actual market conditions differ from management's expectations.

The Company continues to monitor purchases of inventory to insure our supply chain is optimized, thereby reducing the economic risk of holding excessive levels of inventory that could result in long holding periods or in unsalable inventory leading to losses in conversion.

*Income Taxes.* The Company utilizes the asset and liability method in accounting for income taxes. Income tax expense includes U.S. and international income taxes minus tax credits and other incentives that will reduce tax expense in the year they are claimed. Deferred taxes are recognized at currently enacted tax rates for temporary differences between the financial accounting and income tax basis of assets and liabilities and operating losses and tax credit carryforwards. Valuation

allowances are recorded to reduce net deferred tax assets to the amount that is more likely than not to be realized. The Company assesses both positive and negative evidence when measuring the need for a valuation allowance. Evidence typically assessed includes the operating results for the most recent three-year period and, to a lesser extent because of inherent uncertainty, the expectations of future profitability, available tax planning strategies, the time period over which the temporary differences will reverse and taxable income in prior carryback years if carryback is permitted under the tax law. The calculation of the Company's tax liabilities also involves dealing with uncertainties in the application of complex tax laws and regulations. The Company recognizes liabilities for uncertain income

tax positions based on the Company's estimate of whether, and the extent to which, additional taxes will be required. The Company reports interest and penalties related to uncertain income tax positions as income taxes.

*Business Combinations.* The Company includes the results of operations of the businesses that it acquires as of the respective dates of acquisition. The Company allocates the fair value of the purchase price of its acquisitions to the tangible and intangible assets acquired, and liabilities assumed, based on their estimated fair values. The excess of the purchase price over the fair values of these identifiable assets and liabilities is recorded as goodwill.

*Impairment of Long-lived Assets.* The Company performs an annual impairment analysis of long-lived assets. However, when significant events, which meet the definition of a "triggering event" in the context of assessing asset impairments, occur within the industry or within the Company's primary customer base, an interim impairment analysis is performed. The analysis consists of reviewing the next five years outlook for sales, profitability, earnings before interest, taxes and depreciation and cash flow for each of the Company's manufacturing plants and for the overall Company. The five-year outlook considers known sales opportunities for which purchase orders exist, potential sale opportunities that are under development, third party forecasts of North American and European car builds (published by IHS Automotive), the potential sales that could result from new manufacturing process additions and strategic geographic localities that are important to servicing the automotive industry. This data is collected as part of our annual planning process and is updated with more current Company specific and industry data when an interim period impairment analysis is deemed necessary. In concluding the impairment analysis, the Company incorporates a sensitivity analysis by probability weighting the achievement of the forecasted cash flows by plant and achievements of cash flows that are 20% greater and less than the forecasted amounts.

The property, plant and equipment included in the analysis for each plant represents factory facilities devoted to the Company's manufacturing processes and the related equipment within each plant needed to perform and support those processes. The property, plant and equipment of each plant form each plant's asset group and typically certain key assets in the group form the primary processes at that plant that generate revenue and cash flow for that facility. Certain key assets have a life of ten to twelve years and the remainder of the assets in the asset group are shorter-lived assets that support the key processes. When the analysis indicates that estimated future undiscounted cash flows of a plant are less than the net carrying value of the long-lived assets of such plant, to the extent that the assets cannot be redeployed to another plant to generate positive cash flow, the Company will record an impairment charge, reducing the net carrying value of the fixed assets (exclusive of land and buildings, the fair value of which would be assessed through appraisals) to zero. Alternative courses of action to recover the carrying amount of the long-lived asset group are typically not considered due to the limited-use nature of the equipment and the full utilization of their useful life. Therefore, the equipment is of limited value in a used-equipment market. The depreciable lives of the Company's fixed assets are generally consistent between years unless the assets are devoted to the manufacture of a customized automotive part and the equipment has limited reapplication opportunities for other parts. If the production of that part concludes earlier than expected, the asset life is shortened to fully amortize its remaining value over the shortened production period.

The Company cannot predict the occurrence of future impairment-triggering events. Such events may include, but are not limited to, significant industry or economic trends and strategic decisions made in response to changes in the economic and competitive conditions impacting the Company's business. Based on the current facts, the Company did not record an impairment charge related to long-lived assets during fiscal 2014 and recorded an impairment charge of \$483 in the fourth quarter of fiscal 2013. See Note 3 to the consolidated financial statements for a discussion of the impairment charges and recoveries recorded in fiscal 2014 and fiscal 2013. The Company continues to assess impairment to long-lived assets based on expected orders from the Company's customers and current business conditions.

The key assumptions related to the Company's forecasted operating results could be adversely impacted by, among other things, decreases in estimated North American and European car builds during the forecast period, the inability of the Company or its major customers to maintain their respective forecasted market share positions, the inability of the Company to achieve the forecasted levels of operating margins on parts produced, and a deterioration in property values associated with manufacturing facilities.

*Intangible Assets.* Intangible assets with definitive lives are amortized over their estimated useful lives. The Company amortizes its acquired intangible assets with definitive lives on a straight-line basis over periods ranging from three

months to fifteen years. See Note 9 to the consolidated financial statements for a description of the current intangible assets and their estimated amortization expense.

The Company performs an annual impairment analysis of intangible assets in included as a component of the annual impairment of long-lived assets.

*Goodwill.* Goodwill, which represents the excess cost over the fair value of the net assets of businesses acquired, was approximately \$30,887 as of October 31, 2014, or 5% of our total assets, and \$6,768 as of October 31, 2013, or 2% of our total assets.

In accordance with Accounting Standards Codification ("ASC") 350, Intangibles-Goodwill and Other, we assess goodwill for impairment on an annual basis. Such assessment can be done on a qualitative or quantitative basis. To qualitatively assess the likelihood of goodwill being impaired, we consider the following factors at the reporting unit level: the excess of fair value over carrying value as of the last impairment test, the length of time since the last fair value measurement, the carrying value, market and industry metrics, actual performance compared to forecasted performance, and our current outlook on the business. If the qualitative assessment indicated it is more likely than not that goodwill is impaired, we will perform quantitative impairment testing at the reporting unit level.

To quantitatively test goodwill for impairment, we estimate the fair value of a reporting unit and compare the fair value to the carrying value. If the carrying value exceeds the fair value, then a possible impairment of goodwill may exist and further evaluation is required. Fair values are based on the cash flow projected in the reporting units' strategic plans and long-range planning forecasts, discounted at a risk-adjusted rate of return. Revenue growth rates included in the plans are generally based on industry specific data and known awarded business. The projected profit margins assumptions included in the plans are based in the current cost structure and anticipated productivity improvements. If different assumptions were used in the plans, the related cash flows used in measuring fair value could be different and impairment of goodwill might be required to be recorded.

*Group Insurance and Workers' Compensation Accruals.* The Company is primarily self-insured for group insurance and workers' compensation claims in the United States and reviews these accruals on a monthly basis to adjust the balances as determined necessary. The Company is fully insured for workers' compensation at one of its locations. For the self insured plans, the Company reviews historical claims data and lag analysis as the primary indicators of the accruals.

Additionally, the Company reviews specific large insurance claims to determine whether there is a need for additional accrual on a case-by-case basis. Changes in the claim lag periods and the specific occurrences could materially impact the required accrual balance period-to-period. The Company carries excess insurance coverage for group insurance and workers' compensation claims exceeding a range of \$160-170 and \$100-500 per plan year, respectively, dependent upon the location where the claim is incurred. At October 31, 2014 and 2013, the amount accrued for group insurance and workers' compensation claims was \$4,094 and \$3,625, respectively. The self-insurance reserves established are a result of safety statistics, changes in employment levels, the number of open and active workers' compensation cases, and group insurance plan design features. The Company does not self-insure for any other types of losses.

*Share-Based Payments.* The Company records compensation expense for the fair value of nonvested stock option awards and restricted stock awards over the remaining vesting period. The Company has elected to use the simplified method to calculate the expected term of the stock options outstanding at five to six years and has utilized historical weighted average volatility. The Company determines the volatility and risk-free rate assumptions used in computing the fair value using the Black-Scholes option-pricing model, in consultation with an outside third party. The expected term for the restricted stock award is between six months and four years.

The Black-Scholes option valuation model requires the input of highly subjective assumptions, including the expected life of the stock-based award and stock price volatility. The assumptions used are management's best estimates, but the estimates involve inherent uncertainties and the application of management judgment. As a result, if other assumptions had been used, the recorded stock-based compensation expense could have been materially different from that depicted in the financial statements. In addition, the Company has estimated a 20% forfeiture rate. If actual forfeitures materially differ from the estimate, the share-based compensation expense could be materially different.

The restricted stock was valued based upon the closing date of the grant of the stock. In addition, the Company has estimated a 20% forfeiture rate. If actual forfeitures materially differ from the estimate, the share-based compensation expense could be materially different.

*U.S. Pension and Other Post-retirement Costs and Liabilities.* The Company has recorded significant pension and

other post-retirement benefit liabilities that are developed from actuarial valuations for its U.S. operations. The pension plans were frozen and therefore contributions are not allowed. The determination of the Company's pension liabilities requires key assumptions regarding discount rates used to determine the present value of future benefit payments and the expected return on plan assets. The discount rate is also significant to the development of other post-retirement liabilities. The Company determines these assumptions in consultation with, and after input from, its actuaries.

The discount rate reflects the estimated rate at which the pension and other post-retirement liabilities could be settled at the end of the year. For its U.S. operations, the Company uses the Principal Pension Discount Yield Curve ("Principal Curve") as the basis for determining the discount rate for reporting pension and retiree medical liabilities. The Principal Curve has several advantages to other methods, including: transparency of construction, lower statistical errors, and continuous forward rates for all years. At October 31, 2014, the resulting discount rate from the use of the Principal Curve was 4.00%, a decrease of 0.50% from a year earlier that resulted in an increase of the benefit obligation of approximately \$6,076. A change of 25 basis points in the discount rate at October 31, 2014 would increase or decrease expense on an annual basis by approximately \$18.

The assumed long-term rate of return on pension assets is applied to the market value of plan assets to derive a reduction to pension expense that approximates the expected average rate of asset investment return over ten or more years. A decrease in the expected long-term rate of return will increase pension expense whereas an increase in the expected long-term rate will reduce pension expense. Decreases in the level of plan assets will serve to increase the amount of pension expense whereas increases in the level of actual plan assets will serve to decrease the amount of pension expense. Any shortfall in the actual return on plan assets from the expected return will increase pension expense in future years due to the amortization of the shortfall, whereas any excess in the actual return on plan assets from the expected return will reduce pension expense in future periods due to the amortization of the excess. A change of 25 basis points in the assumed rate of return on pension assets would increase or decrease pension assets by approximately \$166.

The Company's investment policy for assets of the plans is to maintain an allocation generally of 0% to 70% in equity securities, 0% to 70% in debt securities, and 0% to 10% in real estate. Equity security investments are structured to achieve an equal balance between growth and value stocks. The Company determines the annual rate of return on pension assets by first analyzing the composition of its asset portfolio. Historical rates of return are applied to the portfolio. The Company's investment advisors and actuaries review this computed rate of return. Industry comparables and other outside guidance are also considered in the annual selection of the expected rates of return on pension assets.

For the twelve months ended October 31, 2014, the actual return on pension plans' assets for all of the Company's plans approximated 8.0%, which is above the expected rate of return on plan assets of 7.50% used to derive pension expense. The long term expected rate of return takes into account years with exceptional gains and years with exceptional losses.

For the Company's Swedish operations, the majority of the pension obligations are covered by insurance policies with insurance companies. Pension commitments in the Company's Polish operations are not material. The liability of these comprise the present value of future obligations and is calculated on an actuarial basis.

Actual results that differ from these estimates may result in more or less future Company funding into the pension plans than is planned by management. Based on current market investment performance, the Company anticipates that contributions to the Company's defined benefit plans will decrease in fiscal 2015, and that pension expense will decrease in fiscal 2015.

*Derivative Instruments and Hedging Activities.* The Company records derivative instruments in the consolidated balance sheet as either an asset or liability and as a component of other comprehensive income and measured at fair value. Changes in derivative instruments' fair value are recognized currently in earnings, unless the derivative instrument has been designated as a cash flow hedge and specific cash flow hedge accounting criteria are met. Under the cash flow hedge accounting, unrealized gains and losses are reflected in stockholder's equity as accumulated other comprehensive income (AOCI) until the forecasted transaction occurs. If the cash flow hedge is deemed ineffective, the derivative's gains or losses are then recognized in the consolidated statement of income.

*Foreign Currency Translation.* Two of the Company's Mexican subsidiaries (Shiloh De Mexico S.A. DE C.V. and Shiloh International, S.A. DE C.V.), Netherlands holding company, Swedish holding company, and U.S. subsidiaries functional currency is the U.S. dollar and for all other entities their functional currency is their respective local currency. The translation from the applicable foreign currencies to U.S. dollars is performed for balance sheet accounts using exchange rates in effect at the balance sheet date and for revenue and expense accounts using a weighted average exchange rate for the period. The resulting translation adjustments are recorded as a component of Other Comprehensive Income (Loss) ("OCI"). The Company engages in foreign currency denominated transactions with customers and suppliers, as well as between

subsidiaries with different functional currencies. Gains and losses resulting from foreign currency transactions are recognized in net income (loss) in the consolidated statements of income.



## Results of Operations

### Year Ended October 31, 2014 Compared to Year Ended October 31, 2013

**REVENUES.** Sales for fiscal 2014 were \$878,744, an increase of \$178,558 over fiscal 2013 sales of \$700,186, or 25.5%. Of the increased sales, approximately \$56,240 came from an increase in the production volumes of the North American car and light truck manufacturers along with the sales from new program awards launched during the fiscal year. According to industry statistics, Europe and North American combined light vehicle production growth for fiscal 2014 increased 4.5% from production levels of fiscal 2013. Sales by the strategic acquisitions that were not in the prior year increased revenues by approximately \$122,320 for fiscal 2014.

**GROSS PROFIT.** Gross profit for fiscal 2014 was \$79,601 compared to gross profit of \$67,152 in fiscal 2013, an increase of \$12,449, or 18.5%. Gross profit as a percentage of sales was 9.1% for fiscal 2014 and 9.6% fiscal 2013. Gross profit in fiscal 2014 was favorably impacted by approximately \$14,370 from the increased sales volume. An unfavorable change in sales mix net against a favorable impact realized from the sales of engineered scrap during fiscal 2014 compared to fiscal 2013, resulted in net gross margin reduction of approximately \$2,430. Manufacturing expenses increased by approximately \$13,340 during fiscal 2014 compared to fiscal 2013. Personnel and personnel related expenses increased in proportion to the increased revenues by approximately \$5,590 as the Company's workforce was increased in anticipation of increased production volumes, planning for future launches, and planning for further increases in vehicle production volumes. Expenses for repairs and maintenance and manufacturing supplies increased by approximately \$6,070 during fiscal 2014 compared to fiscal 2013. Expenses for depreciation and other fixed costs increased by approximately \$1,680 during fiscal 2014 compared to fiscal 2013. Gross profit was favorably impacted by approximately \$15,780 by the businesses acquired that were not included in fiscal 2013. Also, an expense of approximately \$1,800 related to the amortization of the gross-up of inventory acquired from the acquisitions unfavorably impacted gross profit, in fiscal 2014 compared to fiscal 2013.

**SELLING, GENERAL AND ADMINISTRATIVE EXPENSES.** Selling, general and administrative expenses of \$50,207 for fiscal 2014 were \$19,026 more than selling, general and administrative expenses of \$31,181 for the prior year. As a percentage of sales, these expenses were 5.7% of sales for fiscal 2014 and 4.5% for fiscal 2013. The increase reflects our investment in additional personnel and personnel related expenses of approximately \$6,840, an increase of approximately \$7,880 from investments in new technology and increases in other administrative expenses, including an increase of approximately \$2,150 in acquisition related expenses. As a result of the acquisitions, selling, general and administrative expenses increased by approximately \$4,310, consisting of \$2,310 from personnel and personnel related expenses and \$2,000 in other administrative expenses.

**AMORTIZATION OF INTANGIBLE ASSETS.** Amortization of intangible assets expense of \$2,255 for fiscal 2014 was \$906 more than amortization of intangible assets expense of \$1,349 for the prior year. Approximately \$140 of the increase is related to the intangible assets acquired from the fiscal 2013 acquisitions and approximately \$760 of the increase is related to the intangible assets acquired from the fiscal 2014 acquisitions.

**ASSET IMPAIRMENT AND RECOVERY CHARGES.** Asset recoveries of \$4,026 were recorded during fiscal 2014 for cash received upon sales of assets from the Company's former Mansfield Blanking facility, which was impaired in fiscal 2010.

Asset impairment charges of \$18 were recorded during fiscal 2013. Impairment recoveries of \$96 were recorded during fiscal 2013 for cash received upon sales of assets from the Company's Mansfield Blanking facility, which was impaired in fiscal 2010. Asset recoveries of \$369 were recorded during fiscal 2013 for cash received upon sales of assets from the Company's Liverpool Stamping facility, which was impaired in fiscal 2009. During the fourth quarter of fiscal 2013, the Company recorded an asset impairment charge of \$483 to reduce the real property of the Company's Anniston facility to a fair value based on an independent assessment that considered recent sales of similar properties, changes in market conditions and an income-based valuation approach.

**INTEREST EXPENSE.** Interest expense for fiscal 2014 was \$4,503, compared to interest expense of \$2,600 during fiscal 2013. The increase in interest expense was the result of higher average borrowing of funds for funding acquisition activities. Borrowed funds averaged \$167,012 during fiscal 2014 and the weighted average interest rate was 2.08%. During

fiscal 2013, borrowed funds averaged \$82,005 and the weighted average interest rate of debt was 2.06%.

**GAIN ON BARGAIN PURCHASE.** The Company realized a bargain purchase gain of \$228 in fiscal 2013 on the Atlantic Tool & Die-Alabama acquisition.

**OTHER INCOME / EXPENSE.** Other income, net was \$504 for fiscal 2014, including a \$332 realized gain on the sale of marketable securities and other non-operating income of \$172. Other expense, net was \$89 for fiscal 2013 was primarily the result of currency transaction losses realized by certain of the Company's Mexican subsidiaries.

**PROVISION FOR INCOME TAXES.** The provision for income taxes in fiscal 2014 was an expense of \$4,747 on income before taxes of \$27,191 for an effective tax rate of 17.5%. In fiscal year 2013 the provision for income taxes was \$10,605 on income before taxes of \$32,175 for an effective tax rate of 33.0%. The effective tax rate for fiscal 2014 has decreased 15.5 percentage points compared to fiscal 2013 primarily from eliminating the valuation allowance for the Company's Mexican subsidiary, favorable revisions to prior period research and development tax credit calculations, favorable revisions to prior period estimated income tax calculations and various state and local net operating loss and tax credit carryforward benefits.

**NET INCOME.** The net income for fiscal 2014 was \$22,444, or \$1.30 per share, diluted compared to net income in fiscal year 2013 of \$21,570 or \$1.27 per share, diluted.

## Liquidity and Capital Resources

### Revolving Credit Facility:

The Company and its subsidiaries are party to a Credit Agreement, dated October 25, 2013, as amended (the "Credit Agreement") with Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, JPMorgan Chase Bank, N.A. as Syndication Agent, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities, LLC as Joint Lead Arrangers and Joint Book Managers, The PrivateBank and Trust Company, Compass Bank and Citizens Bank, N.A., as Co-Documentation Agents, and the other lender parties thereto.

On September 29, 2014, the Company executed an amendment to the Credit Agreement that extends the commitment period to September 29, 2019 and increases the Company's revolving line of credit to \$360,000 which is comprised of two aggregate revolving commitments. Aggregate Revolving A commitments amount to \$235,000 and aggregate Revolving B commitments amount to \$125,000, subject to the Company's pro forma compliance with financial covenants, the administrative agent's approval and the Company obtaining commitments for such increase. Additionally, this amendment increased the permitted leverage ratio from 3.25 to 3.5 in certain circumstances for a limited period of time following a material acquisition, as defined.

Borrowings under the Credit Agreement bear interest, at the Company's option, at LIBOR or the base (or "prime") rate established from time to time by the administrative agent, in each case plus an applicable margin. The Credit Agreement provides for an interest rate margin on LIBOR loans of 2.0% and a 1.0% on base rate loans through January 31, 2015. Thereafter, the interest rate margin on LIBOR loans will be 1.5% to 2.5% and on base rate loans will be 0.25% to 1.5%, depending on the Company's leverage ratio.

The Credit Agreement contains customary restrictive and financial covenants, including covenants regarding the Company's outstanding indebtedness and maximum leverage and interest coverage ratios. The Credit Agreement also contains standard provisions relating to conditions of borrowing. In addition, the Credit Agreement contains customary events of default, including the non-payment of obligations by the Company and the bankruptcy of the Company. If an event of default occurs, all amounts outstanding under the Credit Agreement may be accelerated and become immediately due and payable. The Company was in compliance with the financial covenants as of October 31, 2014, and October 31, 2013.

After considering letters of credit of \$2,980 that the Company has issued, available funds under the Credit Agreement were \$96,520 at October 31, 2014.

Borrowings under the Credit Agreement are collateralized by a first priority security interest in substantially all of the tangible and intangible property of the Company and its domestic subsidiaries and 65% of the stock of foreign subsidiaries.

### Other Debt:

In July 2014, the Company entered into a finance agreement with an insurance broker for various insurance policies that bears interest at a fixed rate of 1.87% requiring an initial down payment of \$254 due with the first monthly payment of \$95. The monthly payments extend through April 2015. As of October 31, 2014, \$568 remained outstanding under this agreement.

On September 2, 2013, the Company entered into an equipment security note that bears interest at a fixed rate of 2.47% and requires monthly payments of \$44 through September 2018. As of October 31, 2014, \$1,985 remained outstanding under this agreement and \$489 was classified as current debt and \$1,496 was classified as long-term debt in the Company's consolidated balance sheets.

The Company maintains capital leases for equipment used in our manufacturing facilities with lease terms expiring between 2018 and 2020. As of October 31, 2014, the present value of minimum lease payments under our capital leases

amounted to \$6,967.

Derivatives:

On February 25, 2014, the Company entered into an interest rate swap with an aggregate notional amount of \$75,000 designated as a cash flow hedge of a portion of the Company's Credit Agreement to manage interest rate exposure on the Company's floating rate LIBOR based debt. The interest rate swap is an agreement to exchange payment streams based on the notional principal amount. This agreement fixes the Company's future interest payments at 2.74% plus the applicable rate (defined above), the designated benchmark interest rate being hedged (the "hedged risk"), on an amount of the Company's debt principal equal to the then-outstanding swap notional amount. The forward interest rate swap commences on March 1, 2015 with an initial \$25,000

base notional amount with \$25,000 increases to the base notional amount on September 1, 2015 and March 1, 2016, respectively. The base notional amount plus each incremental addition to the base notional amount have a five year maturity of February 29, 2020, August 31, 2020 and February 28, 2021, respectively. On the date the interest swap was entered into, the Company designated the interest rate swap as a hedge of the variability of cash flows to be paid relative to its variable rate monies borrowed. Any ineffectiveness in the hedging relationship is recognized immediately into earnings. On October 31, 2014, the Company determined the mark-to-market adjustment for the interest rate swap to be a loss of \$1,558, net of tax, which is reflected in other comprehensive income. The first base notional amount is set to commence on March 1, 2015 at which time the Company will recognize a gain or loss on the interest rate swap. At this time, the Company does not believe the amount will have a material impact.

Scheduled repayments under the terms of the Credit Agreement and repayments of other debt are listed below:

<b>Twelve Months Ending October 31,</b>	<b>Credit Agreement</b>	<b>Equipment Security Note</b>	<b>Capital Lease Obligations</b>	<b>Other Debt</b>	<b>Total</b>
2015	\$ —	\$ 489	\$ 861	\$ 568	\$ 1,918
2016	—	501	906	—	1,407
2017	—	513	942	—	1,455
2018	—	482	980	—	1,462
2019	260,500	—	684	—	261,184
Thereafter	—	—	2,594	—	2,594
<b>Total</b>	<b>\$ 260,500</b>	<b>\$ 1,985</b>	<b>\$ 6,967</b>	<b>\$ 568</b>	<b>\$ 270,020</b>

At October 31, 2014, total debt was \$270,020 and total equity was \$144,519, resulting in a capitalization rate of 65.14% debt, 34.86% equity. Current assets were \$293,762 and current liabilities were \$189,732, resulting in positive working capital of \$104,030.

For the fiscal year ended October 31, 2014, operations, before changes in assets and liabilities, generated \$47,369 of cash flow compared to \$43,902 in fiscal year 2013. Depreciation and amortization increased by \$7,015 in fiscal 2014 compared to fiscal 2013. Asset recoveries in fiscal 2014 were \$4,026.

Changes in operating assets and liabilities, excluding operating assets and liabilities added from acquisitions, since October 31, 2013 were a use of funds of \$17,786. During fiscal 2014, accounts receivable and related party receivables increased by \$10,444, inventory increased by \$6,150 and accounts payable increased by \$3,327.

Cash capital expenditures in fiscal 2014 were \$40,158. The Company had unpaid capital expenditures of approximately \$5,415, and such amounts are included in accounts payable and excluded from capital expenditures in the accompanying consolidated statement of cash flows.

Cash used for acquisitions in fiscal 2014, net of cash acquired were \$124,544. Proceeds from the sales of assets generated \$5,762 in cash in fiscal 2014.

Cash provided by financing activities in fiscal 2014 were \$142,526 and were used to fund acquisition activities and capital expenditure investments.

The Company continues to closely monitor the business conditions affecting the automotive industry. In addition, the Company closely monitors its working capital position to insure adequate funds for operations. The Company anticipates that funds from operations will be adequate to meet the obligations under the Credit Agreement through maturity of the Credit Agreement in September 2019, as well as pension contributions totaling \$4,470 during fiscal 2015, capital expenditures for fiscal 2015 and scheduled payments for the equipment security note, capital lease and repayment of the other debt totaling \$9,520.

As of October 31, 2014, the Company has \$21,000 of commitments for capital expenditures and \$36,681 of

commitments under non-cancelable operating leases. These capital expenditures in 2015 are for the support of current and new business, expected increases in existing business and enhancements of production processes.

### **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements with unconsolidated entities or other persons.

### **New Accounting Standards**

In August 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2014-15, "Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern," which the intent is to define the Company's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. This ASU will be effective for the Company November 1, 2017. The Company will prospectively apply the guidance to applicable transactions.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers," which clarifies existing accounting literature relating to how and when a company recognizes revenue. Under ASU 2014-09, a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services. ASU 2014-09 will be effective for the Company November 1, 2017. The Company is in the process of determining what impact, if any, the adoption of this ASU will have on its financial position, results of operations and cash flows.

In April 2014, the FASB issued ASU 2014-08, "Presentation of Financial Statements and Property, Plant, and Equipment — Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity," which revises what qualifies as a discontinued operation, changes the criteria for determining which disposals can be presented as discontinued operations and modifies related disclosure requirements. This ASU will be effective for the Company for applicable transactions occurring after October 1, 2015. The Company will prospectively apply the guidance to applicable transactions.

In July 2013, the FASB issued ASU 2013-11, "Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carry-forward, a Similar Tax Loss, or a Tax Credit Carry-forward Exists," which defines the presentation requirements of an unrecognized tax benefit, or a portion of an unrecognized tax benefit, in the financial statements. The new guidance is effective for the Company beginning November 1, 2014. The Company is currently evaluating the impact of the standard.

In March 2013, the FASB issued ASU 2013-05, "Foreign Currency Matters", which provides guidance on a parent's accounting for the cumulative translation adjustment upon de-recognition of a subsidiary or group of assets within a foreign entity. This new guidance requires that the parent release any related cumulative translation adjustment into net income only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided. The new guidance will be effective for the Company beginning November 1, 2014. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

### **Effect of Inflation, Deflation**

Inflation generally affects the Company by increasing the interest expense of floating rate indebtedness and by increasing the cost of labor, equipment and raw materials. The level of inflation has not had a material effect on the Company's consolidated financial results for the past three years.

In periods of decreasing prices, deflation occurs and may also affect the Company's results of operations. With respect to steel purchases, the Company's purchases of steel through customers' steel buying programs protects recovery of the cost of steel through the selling price of the Company's products. For non-steel buying programs, the Company coordinates the cost of steel purchases with the related selling price of the product. For the Company's aluminum and magnesium die casting business, the cost of the materials is handled in one of two ways. The primary method used by the Company is to secure quarterly aluminum and magnesium purchase commitments based on customer releases and then pass the quarterly price changes to those customers utilizing published metal indexes. The second method used by the Company is to adjust prices monthly, based on a referenced metal index plus additional material cost spreads agreed to by the Company and its customers.





**FORWARD-LOOKING STATEMENTS**

Certain statements made by Shiloh in this Form 10-K regarding the Company's operating performance, events or developments that the Company believes or expects to occur in the future, including those that discuss strategies, goals, outlook or other non-historical matters, or which relate to future sales, earnings expectations, cost savings, awarded sales, volume growth, earnings or general belief in the Company's expectations of future operating results are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. The forward-looking statements are made on the basis of management's assumptions and expectations. As a result, there can be no guarantee or assurance that these assumptions and expectations will in fact occur. The forward-looking statements are subject to risks and uncertainties that may cause actual results to materially differ from those contained in the statements. Some, but not all, of the risks include the ability of the Company to accomplish its strategic objectives; the ability to obtain future sales; changes in worldwide economic and political conditions, including adverse effects from terrorism or related hostilities; costs related to legal and administrative matters; the Company's ability to realize cost savings expected to offset price concessions; the Company's ability to successfully integrate acquired businesses, including businesses located outside of the United States; risks associated with doing business internationally, including economic, political and social instability, foreign currency exposure and the lack of acceptance of our products; inefficiencies related to production and product launches that are greater than anticipated; changes in technology and technological risks; increased fuel and utility costs; work stoppages and strikes at the Company's facilities and that of the Company's customers or suppliers; the Company's dependence on the automotive and heavy truck industries, which are highly cyclical; the dependence of the automotive industry on consumer spending, which is subject to the impact of domestic and international economic conditions, including increased energy costs affecting car and light truck production, and regulations and policies regarding international trade; financial and business downturns of the Company's customers or vendors, including any production cutbacks or bankruptcies; increases in the price of, or limitations on the availability of, steel, aluminum or magnesium, the Company's primary raw materials, or decreases in the price of scrap steel; the successful launch and consumer acceptance of new vehicles for which the Company supplies parts; the occurrence of any event or condition that may be deemed a material adverse effect under the Company's outstanding indebtedness or a decrease in customer demand which could cause a covenant default under the Company's outstanding indebtedness; pension plan funding requirements; and other factors, uncertainties, challenges and risks detailed in the Company's other public filings with the Securities and Exchange Commission. Any or all of these risks and uncertainties could cause actual results to differ materially from those reflected in the forward-looking statements. These forward-looking statements reflect management's analysis only as of the date of this release.

The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof. In addition to the disclosures contained herein, readers should carefully review risks and uncertainties contained in other documents the Company files from time to time with the Securities and Exchange Commission.

**Item 8. Consolidated Financial Statements and Supplementary Data.****INDEX TO FINANCIAL STATEMENTS**

	<b><u>Page</u></b>
<a href="#"><u>Report of Independent Registered Public Accounting Firm</u></a>	<a href="#"><u>23</u></a>
<a href="#"><u>Consolidated Balance Sheets at October 31, 2014 and 2013</u></a>	<a href="#"><u>24</u></a>
<a href="#"><u>Consolidated Statements of Income for the years ended October 31, 2014 and 2013</u></a>	<a href="#"><u>25</u></a>
<a href="#"><u>Consolidated Statements of Comprehensive Income for the years ended October 31, 2014 and 2013</u></a>	<a href="#"><u>26</u></a>
<a href="#"><u>Consolidated Statements of Cash Flows for the years ended October 31, 2014 and 2013</u></a>	<a href="#"><u>27</u></a>
<a href="#"><u>Consolidated Statements of Stockholders' Equity for the years ended October 31, 2014 and 2013</u></a>	<a href="#"><u>28</u></a>
<a href="#"><u>Notes to Consolidated Financial Statements</u></a>	<a href="#"><u>29</u></a>

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Board of Directors and Shareholders  
Shiloh Industries, Inc.

We have audited the accompanying consolidated balance sheets of Shiloh Industries, Inc. (a Delaware corporation) and subsidiaries (the "Company") as of October 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Shiloh Industries, Inc. and subsidiaries as of October 31, 2014 and 2013, and the results of their operations and their cash flows for each of the years then ended in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of October 31, 2014, based on criteria established in the 2013 *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated January 13, 2015 expressed an unqualified opinion.

/s/ GRANT THORNTON LLP

Cleveland, Ohio  
January 13, 2015

**SHILOH INDUSTRIES, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(Dollar amounts in thousands)

	<b>October 31,</b>	
	<b>2014</b>	<b>2013</b>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 12,014	\$ 398
Investment in marketable securities	1,045	—
Accounts receivable, net	171,242	116,837
Related-party accounts receivable	533	673
Prepaid income taxes	2,142	—
Inventories, net	91,303	42,924
Deferred income taxes	3,496	2,829
Prepaid expenses	11,987	3,095
Other assets	—	23
Total current assets	293,762	166,779
Property, plant and equipment, net	274,828	197,874
Goodwill	30,887	6,768
Intangible assets, net	21,998	17,605
Deferred income taxes	2,605	—
Other assets	5,445	2,927
Total assets	\$ 629,525	\$ 391,953
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>		
Current debt	\$ 1,918	\$ 882
Accounts payable	146,478	87,977
Other accrued expenses	41,336	26,416
Accrued income taxes	—	1,666
Total current liabilities	189,732	116,941
Long-term debt	268,102	119,384
Long-term benefit liabilities	19,951	21,287
Deferred income taxes	2,739	969
Interest rate swap agreement	2,510	—
Other liabilities	1,972	2,223
Total liabilities	485,006	260,804
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 per share; 5,000,000 shares authorized; no shares issued and outstanding at October 31, 2014 and October 31, 2013, respectively	—	—
Common stock, par value \$.01 per share; 25,000,000 shares authorized; 17,214,284 and 17,031,316 shares issued and outstanding at October 31, 2014 and October 31, 2013, respectively	172	170

Paid-in capital	68,035	66,312
Retained earnings	113,193	90,749
Accumulated other comprehensive loss, net	(36,881)	(26,082)
Total stockholders' equity	<u>144,519</u>	<u>131,149</u>
Total liabilities and stockholders' equity	<u>\$ 629,525</u>	<u>\$ 391,953</u>

The accompanying notes are an integral part of these consolidated financial statements.

**SHILOH INDUSTRIES, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**(Amounts in thousands, except per share data)**

	Years Ended	
	October 31,	
	2014	2013
Net revenues	\$ 878,744	\$ 700,186
Cost of sales	799,143	633,034
Gross profit	79,601	67,152
Selling, general and administrative expenses	50,207	31,181
Amortization of intangible assets	2,255	1,349
Asset impairment (recovery), net	(4,026)	18
Operating income	31,165	34,604
Interest expense	4,503	2,600
Interest income	(25)	(32)
Gain on bargain purchase	—	(228)
Other (income) expense, net	(504)	89
Income before income taxes	27,191	32,175
Provision for income taxes	4,747	10,605
Net income	\$ 22,444	\$ 21,570
Earnings per share:		
Basic earnings per share	\$ 1.31	\$ 1.27
Basic weighted average number of common shares	17,145	16,982
Diluted earnings per share	\$ 1.30	\$ 1.27
Diluted weighted average number of common shares	17,215	17,030

The accompanying notes are an integral part of these consolidated financial statements.

**SHILOH INDUSTRIES, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Dollar amounts in thousands)**

	<b>Years Ended</b>	
	<b>October 31,</b>	
	<b>2014</b>	<b>2013</b>
Net Income	\$ 22,444	\$ 21,570
Other comprehensive income (loss):		
Defined benefit pension plans & other postretirement benefits		
Recognized gain	967	5,684
Actuarial net gain	1,352	1,441
Asset net (loss) gain	(4,391)	1,102
Income taxes	783	(2,998)
Total defined benefit pension plans & other post retirement benefits	(1,289)	5,229
Marketable securities:		
Unrealized gain on marketable securities	518	—
Income taxes on marketable securities	(53)	—
Reclassification adjustments for gain on marketable securities included in net income	(365)	—
Total marketable securities, net of tax	100	—
Derivatives and hedging:		
Unrealized loss on interest rate swap agreements	(2,510)	—
Income taxes on interest rate swap agreements	952	—
Change in fair value of derivative instruments, net of tax	(1,558)	—
Foreign currency translation adjustments:		
Foreign currency translation loss	(8,052)	—
Income taxes on foreign currency translation	—	—
Unrealized loss on foreign currency translation, net of tax	(8,052)	—
Comprehensive income, net	<u>\$ 11,645</u>	<u>\$ 26,799</u>

The accompanying notes are an integral part of these consolidated financial statements.



**SHILOH INDUSTRIES, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Dollar amounts in thousands)**

	Years Ended October 31,	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 22,444	\$ 21,570
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	27,893	20,878
Amortization of deferred financing costs	807	338
Asset recovery	(4,026)	18
Bargain purchase gain	—	(228)
Deferred income taxes	843	589
Stock-based compensation expense	579	738
Gain on sale of assets	(806)	(1)
Gain on sale of marketable securities	(365)	—
Changes in operating assets and liabilities:		
Accounts receivable	(10,444)	(28,098)
Inventories	(6,150)	7,162
Prepays and other assets	403	110
Payables and other liabilities	3,327	12,802
Accrued income taxes	(4,922)	2,935
Net cash provided by operating activities	<u>29,583</u>	<u>38,813</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(40,158)	(27,441)
Investment in marketable securities	(2,000)	—
Acquisitions, net of cash acquired	(124,544)	(104,470)
Proceeds from sale of assets	5,762	518
Proceeds from sale of marketable securities	967	—
Net cash used in investing activities	<u>(159,973)</u>	<u>(131,393)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment of dividends	—	(4,246)
Payment of capital leases	(382)	—
Proceeds from long-term borrowings	182,500	123,250
Repayments of long-term borrowings	(39,877)	(24,539)
Payment of deferred financing costs	(776)	(1,963)
Proceeds from exercise of stock options	1,061	302
Net cash provided by financing activities	<u>142,526</u>	<u>92,804</u>
Effect of foreign currency exchange rate fluctuations on cash	(520)	—

Net increase in cash and cash equivalents	11,616	224
Cash and cash equivalents at beginning of period	398	174
Cash and cash equivalents at end of period	<u>\$ 12,014</u>	<u>\$ 398</u>
Supplemental Cash Flow Information:		
Cash paid for interest	\$ 3,862	\$ 2,237
Cash paid for income taxes	\$ 7,995	\$ 7,111
Non-cash Investing and Financing Activities:		
Equipment acquired under capital lease	\$ 7,639	\$ —

The accompanying notes are an integral part of these consolidated financial statements.

**SHILOH INDUSTRIES, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**(Dollar amounts in thousands)**

	Common Stock (\$.01 Par Value)	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
November 1, 2012	\$ 169	\$ 65,120	\$ 73,425	\$ (31,311)	\$ 107,403
Net income	—	—	21,570	—	21,570
Other comprehensive income, net of tax	—	—	—	5,229	5,229
Payment of dividends	—	—	(4,246)	—	(4,246)
Exercise of stock options	1	301	—	—	302
Stock-based compensation cost	—	738	—	—	738
Tax benefit on stock options	—	153	—	—	153
October 31, 2013	<u>\$ 170</u>	<u>\$ 66,312</u>	<u>\$ 90,749</u>	<u>\$ (26,082)</u>	<u>\$ 131,149</u>
Net income	—	—	22,444	—	22,444
Other comprehensive income, net of tax	—	—	—	(10,799)	(10,799)
Exercise of stock options	2	1,059	—	—	1,061
Stock-based compensation cost	—	579	—	—	579
Tax benefit on stock options	—	85	—	—	85
October 31, 2014	<u><u>\$ 172</u></u>	<u><u>\$ 68,035</u></u>	<u><u>\$ 113,193</u></u>	<u><u>\$ (36,881)</u></u>	<u><u>\$ 144,519</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollar amounts in thousands, except number of shares and per share data)**

**Note 1—Summary of Significant Accounting Policies**

***General***

The Company is a leading global supplier of lightweighting and noise, vibration and harshness (NVH) solutions to the automotive, commercial vehicle and other industrial markets. The Company offers one of the broadest portfolios of lightweighting solutions in the automotive, commercial vehicle and industrial industries, capable of delivering solutions in steel, steel alloys, aluminum and magnesium. Shiloh delivers these solutions through design, engineering and manufacturing of first operation blanks, engineered welded blanks, complex stampings, modular assemblies and highly engineered aluminum and magnesium die casting and machined components serving the automotive, commercial vehicle and other industrial markets of original equipment manufacturers ("OEMs") and, as a Tier II supplier, to Tier I automotive part manufacturers who in turn supply OEMs. Additionally, the Company provides a variety of intermediate steel processing services, such as oiling, leveling, cutting-to-length, multi-blanking, slitting, edge trimming of hot and cold-rolled steel coils and inventory control services for automotive and steel industry customers. The Company has twenty-eight wholly-owned subsidiaries at locations in Asia, Europe and North America.

MTD Holdings Inc (the parent of MTD Products Inc) and the MTD Products Inc Master Employee Benefit Trust, a trust fund established and sponsored by MTD Products are owners of approximately 49.8% of the Company's outstanding shares of Common Stock, making MTD a related party of the Company.

***Principles of Consolidation***

The consolidated financial statements include the accounts of Shiloh Industries, Inc. and all wholly-owned subsidiaries. All significant intercompany transactions have been eliminated.

***Revenue Recognition***

The Company recognizes revenue from the sales of products when there is evidence of a sales agreement, the delivery of goods has occurred, the sales price is fixed or determinable and collectability of revenue is reasonably assured. The Company records revenues upon shipment of product to customers and transfer of title under standard commercial terms. Price adjustments, including those arising from resolution of quality issues, price and quantity discrepancies, surcharges for fuel and/or steel and other commercial issues, are recognized in the period when management believes that such amounts become probable, based on management's estimates.

***Allowance for Doubtful Accounts***

The Company evaluates the collectability of accounts receivable based on several factors. In circumstances when the Company is aware of a specific customer's inability to meet its financial obligations, a specific allowance for doubtful accounts is recorded against amounts due to reduce the net recognized receivable to the amount the Company reasonably believes will be collected. Additionally, a general allowance for doubtful accounts is estimated based on historical write-offs and the current financial condition of customers. The financial condition of the Company's customers is dependent on, among other things, the general economic environment, which may substantially change. This variability may affect the recoverability of amounts due to the Company from its customers.

The Company carefully assesses its risk with each of its customers and considers compliance with terms and conditions, aging of the customer accounts, intelligence learned through contact with customer representatives and its right of offset of net account receivable / account payable position with customers, if applicable, in establishing the allowance.

***Shipping and Handling Costs***

The Company classifies all amounts billed to a customer in a sales transaction related to shipping and handling as

revenue and the costs incurred by the Company for shipping and handling are classified as costs of sales.

***Inventories***

Inventories are valued at the lower of cost or market, using the first-in first-out ("FIFO") method.

**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

***Property, Plant and Equipment***

Property, plant and equipment are stated at cost or at fair market value for plant, property and equipment acquired through acquisitions. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, while major improvements are capitalized. The cost of these improvements is depreciated over their estimated useful lives. Useful lives range from three to twelve years for furniture and fixtures and machinery and equipment, or if the assets are dedicated to a customer program, over the estimated life of that program, ten to twenty years for land improvements and twenty to forty years for buildings and their related improvements. Depreciation is computed using the straight-line method for financial reporting purposes and accelerated methods for income tax purposes. When assets are retired or otherwise disposed, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss on the disposition is included in the earnings for the current period.

***Employee Benefit Plans***

The Company accrues the cost of U.S. defined benefit pension plans, which was frozen in 2004, in accordance with Statement of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 715 "Compensation - Retirement Benefits." The plans are funded based on the requirements and limitations of the Employee Retirement Income Security Act of 1974. Approximately 70% of employees of the Company also participate in discretionary profit sharing plans administered by the Company. The Company also provides postretirement benefits to approximately 16 former employees.

***Stock-Based Compensation***

The Company records compensation expense for the fair value of nonvested stock option awards and restricted stock awards over the remaining vesting period. The Company has elected to use the simplified method to calculate the expected term of the stock options outstanding at five to six years and has utilized historical weighted average volatility. The Company determines the volatility and risk-free rate assumptions used in computing the fair value using the Black-Scholes option-pricing model, in consultation with an outside third party. The expected term for the restricted stock award is between six months to four years.

***Income Taxes***

The Company utilizes the asset and liability method in accounting for income taxes. Income tax expense includes U.S. and foreign income taxes minus tax credits and other incentives that will reduce tax expense in the year they are claimed. Deferred taxes are recognized at currently enacted tax rates for temporary differences between the financial accounting and income tax basis of assets and liabilities and operating losses and tax credit carryforwards. Valuation allowances are recorded to reduce net deferred tax assets to the amount that is more likely than not to be realized. The Company assesses both positive and negative evidence when measuring the need for a valuation allowance. Evidence typically assessed includes the operating results for the most recent three-year period and, to a lesser extent because of inherent uncertainty, the expectations of future profitability, available tax planning strategies, the time period over which the temporary differences will reverse and taxable income in prior carryback years if carryback is permitted under the tax law. The calculation of the Company's tax liabilities also involves dealing with uncertainties in the application of complex tax laws and regulations. The Company recognizes liabilities for uncertain income tax positions based on the Company's estimate of whether, and the extent to which, additional taxes will be required. The Company reports interest and penalties related to uncertain income tax positions as income taxes.

***Impairment of Long-Lived and Intangible Assets***

The Company evaluates the recoverability of long-lived assets and the related estimated remaining lives whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Events or changes in circumstances that could cause an impairment include significant underperformance relative to the historical or projected future operating results, significant changes in the manner of the use of the assets or the strategy for the overall business or significant negative industry or economic trends. The Company records an impairment or change in useful life whenever events or changes in circumstances indicate that the carrying amount of long-lived assets may not be recoverable or the useful

life has changed.

*Goodwill.* Goodwill, which represents the excess cost over the fair value of the net assets of businesses acquired, was approximately \$30,887 as of October 31, 2014, or 4.9% of our total assets and \$6,768 as of October 31, 2013 or 1.7% of our total assets.

In accordance with Accounting Standards Codification ("ASC") 350, Intangibles-Goodwill and Other, we assess goodwill for impairment on an annual basis. Such assessment can be done on a qualitative or quantitative basis. To qualitatively assess the

**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

likelihood of goodwill being impaired, we consider the following factors at the reporting unit level: the excess of fair value over carrying value as of the last impairment test, the length of time since the last fair value measurement, the carrying value, market and industry metrics, actual performance compared to forecasted performance, and our current outlook on the business. If the qualitative assessment indicates it is more likely than not that goodwill is impaired, we perform quantitative impairment testing at the reporting unit level.

To quantitatively test goodwill for impairment, we estimate the fair value of a reporting unit and compare the fair value to the carrying value. If the carrying value exceeds the fair value, then a possible impairment of goodwill may exist and further evaluation is required. Fair values are based on the cash flow projected in the reporting units' strategic plans and long-range planning forecasts, discounted at a risk-adjusted rate of return. Revenue growth rates included in the plans are generally based on industry specific data and known awarded business. The projected profit margin assumptions included in the plans are based on current cost structure and anticipated productivity improvements. If different assumptions were used in the plans, the related cash flows used in measuring fair value could be different and impairment of goodwill might be required to be recorded.

***Comprehensive Income***

Comprehensive income is defined as net income (loss) and changes in stockholders' equity from non-owner sources which, for the Company in the periods presented, consists of foreign currency transactions, interest rate swaps, marketable securities and pension related liability adjustments.

***Statement of Cash Flows Information***

Cash and cash equivalents include checking accounts and all highly liquid investments with an original maturity of three months or less. A substantial majority of the Company's cash and cash equivalent bank balances exceed federally insured limits at October 31, 2014. Cash in foreign subsidiaries totaled \$11,921 at October 31, 2014.

***Concentration of Risk***

The Company sells products to customers primarily in the automotive, commercial vehicle and industrial markets. Financial instruments, which potentially subject the Company to concentration of credit risk, are primarily accounts receivable. The Company performs on-going credit evaluations of its customers' financial condition. The allowance for non-collection of accounts receivable is based on the expected collectability of all accounts receivable. Losses have historically been within management's expectations. The Company does not have financial instruments with off-balance sheet risk. Refer to Note 18-Business Segment Information for discussion of concentration of revenues.

***Fair Value of Financial Instruments***

The carrying amounts of cash and cash equivalents, trade receivables and payables approximate fair value because of the short maturity of those instruments. The carrying value of the Company's debt and derivative instruments are considered to approximate the fair value of these instruments based on the borrowing rates currently available to the Company for loans with similar terms and maturities.

***Derivative Financial Instruments***

The Company uses interest rate swaps to manage volatility of underlying exposures. The Company recognizes all of its derivative instruments as either assets or liabilities at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated, and is effective, as a hedge and further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge or a hedge of a net investment in a foreign operation. Gains and losses related to a hedge are either recognized in income



immediately to offset the gain or loss on the hedged item or are deferred and reported as a component of Comprehensive Income (Loss) and subsequently recognized in earnings when the hedged item affects earnings. The change in fair value of the ineffective portion of a hedging instrument, determined using the hypothetical derivative method, is recognized in earnings immediately. The gain or loss related to financial instruments that are not designated as hedges are recognized immediately in earnings. Cash flows related to hedging activities are included in the operating section of the consolidated statements of cash flows. The Company does not hold or issue derivative financial instruments for trading or speculative purposes. The Company's objective for holding derivatives is to minimize risk using the most effective and cost-efficient methods available.

**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

***Foreign Currency Translation***

Two of the Company's Mexican subsidiaries (Shiloh De Mexico S.A. DE C.V. and Shiloh International, S.A. DE C.V.), Netherlands holding company, Swedish holding company and U.S. subsidiaries' functional currency is the U.S. dollar and for all other entities their functional currency is their respective local currency including the Polish Zloty, Mexican Peso and Swedish Krona. The translation from the applicable foreign currency to U.S. dollars is performed for balance sheet accounts using exchange rates in effect at the balance sheet date and for revenue and expense accounts using a weighted average exchange rate for the period. The resulting translation adjustments are recorded as a component of Comprehensive Income (Loss) . Such adjustments will affect net income only upon sale or liquidation of the underlying foreign investments, which is not contemplated at this time. Exchange gains and losses from transactions in a currency other than the local currency of the entity involved, and translation adjustments in countries with highly inflationary economies, are included in net income.

***Guarantees***

The Company has certain indemnification clauses within its credit facility and certain lease agreements that are considered to be guarantees within the scope of FASB ASC Topic 460, "Guarantees." The Company does not consider these guarantees to be probable, and the Company cannot estimate their maximum exposure. Additionally, the Company's exposure to warranty-related obligations is not material.

***Accounting Estimates***

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management reviews its estimates based upon current available information. Actual results could differ from those estimates.

***Prior Year Reclassification and Other Changes***

Certain prior year amounts have been reclassified to conform with current year presentation.

Effective November 1, 2013, the Company changed its accounting for certain plant location labor expenses as inventoriable costs as opposed to selling, general and administrative expense, the results of which were considered immaterial.

***Other New Accounting Standards***

In August 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2014-15, "Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern," which the intent is to define the Company's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. This ASU will be effective for the Company November 1, 2017. The Company will prospectively apply the guidance to applicable transactions.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers," which clarifies existing accounting literature relating to how and when a company recognizes revenue. Under ASU 2014-09, a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services. ASU 2014-09 will be effective for the Company November 1, 2017. The Company is in the process of determining what impact, if any, the adoption of this ASU will have on its financial position, results of operations and cash flows.

In April 2014, the FASB issued ASU 2014-08, "Presentation of Financial Statements and Property, Plant, and Equipment — Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity," which revises what qualifies as a discontinued operation, changes the criteria for determining which disposals can be presented as discontinued operations and modifies related disclosure requirements. This ASU will be effective for the Company for applicable transactions occurring after October 1, 2015. The Company will prospectively apply the guidance to applicable transactions.

**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

In July 2013, the FASB issued ASU 2013-11, "Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carry-forward, a Similar Tax Loss, or a Tax Credit Carry-forward Exists," which defines the presentation requirements of an unrecognized tax benefit, or a portion of an unrecognized tax benefit, in the financial statements. The new guidance is effective for the Company beginning November 1, 2014. The Company is currently evaluating the impact of the standard.

In March 2013, the FASB issued ASU 2013-05, "Foreign Currency Matters", which provides guidance on a parent's accounting for the cumulative translation adjustment upon de-recognition of a subsidiary or group of assets within a foreign entity. This new guidance requires that the parent release any related cumulative translation adjustment into net income only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided. The new guidance will be effective for the Company beginning November 1, 2014. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

**Note 2-Acquisitions**

**Radar Industries, Inc.**

On September 30, 2014, the Company, through a wholly-owned subsidiary, consummated the transactions contemplated by the Asset Purchase Agreement, dated September 30, 2014 (the "Radar Agreement"), with Radar Industries, Inc., and Radar Mexican Investments, LLC who produce engineered metal stampings and machined parts for the motor vehicle industry.

The Company acquired Radar in order to further its investment in stamping technologies and expand the diversity of its customer base, product offering and geographic footprint. Radar's results of operations are reflected in the Company's consolidated statements of income from the acquisition date.

The aggregate fair value of consideration transferred in connection with the Purchase Agreement was \$57,874 (\$57,799 net of cash acquired) in cash on the date of acquisition. Of this amount, \$6,500 in cash was placed into escrow, and will serve as security for any indemnification claims made by the Company under the Radar Agreement.

The acquisition of Radar Industries Inc. has been accounted for using the acquisition method in accordance with the FASB ASC Topic 805, *Business Combinations*. Assets acquired and liabilities assumed were recorded at their estimated fair values as of the acquisition date. The fair values of identifiable intangible assets were based on valuations using the income approach and estimates provided by management. The excess of the purchase price over the estimated fair values of the tangible assets, identifiable intangible assets and assumed liabilities was recorded as goodwill. The allocation of the purchase price is based upon a valuation of certain assets acquired and liabilities assumed. The preliminary purchase price allocation was as follows:

Cash and cash equivalents	\$	75
Accounts receivable		14,374
Inventory		15,630
Prepaid assets and other		95
Property, plant and equipment		26,612
Goodwill		13,753
Intangible assets		5,620

Accounts payable and other	(18,285)
Net assets acquired	<u>\$ 57,874</u>

The purchase price allocation is provisional, pending completion of the valuation of acquired assets property, plant and equipment and inventories. The Company is utilizing a third party to assist in the fair value determination of certain components of the purchase price allocation, namely inventory, property, plant and equipment intangible assets and goodwill. The final valuation may change the allocation of the purchase price, which could affect the fair values assigned to the assets.

**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

The Company believes the amount of goodwill resulting from the purchase price allocation is attributable to the workforce of the acquired business (which is not eligible for separate recognition as an identifiable intangible asset) and the synergies expected after the Company's acquisition of Radar. All of the goodwill was allocated to a wholly owned subsidiary of the Company. The total amount of goodwill expected to be deductible for tax purposes is \$31,136 and is estimated to be deductible over approximately 15 years.

Of the \$5,620 of acquired intangible assets, \$3,320 was assigned to customers that have a useful life of approximately 14 years, and \$2,300 was assigned to developed technologies with an estimated useful life of approximately 10 years. The Company utilized a third party to assist in assigning a fair value to acquired assets. The total amount of identifiable intangible assets expected to be deductible for tax purposes is \$5,620 and is estimated to be deductible over approximately 15 years.

The amounts of revenue and net income of Radar included in the Company's consolidated statements of income from the acquisition date to the period ending October 31, 2014 are as follows:

<b>Radar Results of Operations</b>	<b>From October 1, 2014 - October 31, 2014</b>
Revenue	\$17,319
Net Income	\$1,089

**Finnveden Metal Structures**

On June 30, 2014, Shiloh Holdings Sweden AB, a wholly-owned subsidiary of the Company, entered into and consummated the transactions contemplated by the Share Sale and Purchase Agreement dated May 21, 2014 with FinnvedenBulten AB and Finnveden AB ("Finnveden"), a wholly-owned subsidiary of FinnvedenBulten AB, a producer of aluminum and steel stampings and magnesium die cast and machined parts for the motor vehicle industry.

The Company acquired Finnveden in order to expand its stamping capabilities while adding magnesium die casting to its product line, a key growth segment, and technology being used to address the lightweighting needs of automakers. Additionally, the Company adds strategic European locations in Sweden and Poland while diversifying its customer base. Finnveden's results of operations are reflected in the Company's consolidated statements of income from the acquisition date.

The aggregate fair value of consideration transferred in connection with the FMS Agreement was \$72,618, (\$66,396 net of cash acquired), in cash on the date of acquisition.

**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

The acquisition of Finnveden has been accounted for using the acquisition method in accordance with FASB ASC Topic 805, *Business Combinations*. Assets acquired and liabilities assumed were recorded at their estimated fair values as of the acquisition date. The fair values of identifiable intangible assets were based on valuations using the income approach and estimates provided by management. The excess of the purchase price over the estimated fair values of the tangible assets, identifiable intangible assets and assumed liabilities were recorded as goodwill. The allocation of the purchase price is based upon a valuation of certain assets acquired and liabilities assumed. The preliminary purchase price allocation was as follows:

Cash and cash equivalents	\$ 6,222
Accounts receivable	29,744
Inventory	26,858
Prepaid expenses	3,681
Property, plant and equipment	35,408
Goodwill	7,804
Intangible assets	1,136
Other non-current assets	3,830
Accounts payable and other	(36,416)
Long term liabilities	(5,649)
Net assets acquired	<u>\$ 72,618</u>

The purchase price allocation is provisional, pending completion of the valuation of acquired intangible assets, property, plant and equipment, and inventories. The Company is utilizing a third party to assist in the fair value determination of certain components of the purchase price allocation, namely inventory, property, plant and equipment and intangible assets. The final valuation may change the allocation of the purchase price, which could affect the fair values assigned to the assets.

The Company believes the amount of goodwill resulting from the purchase price allocation is attributable to the workforce of the acquired business (which is not eligible for separate recognition as an identifiable intangible asset) and the expected synergies expected after the Company's acquisition of Finnveden. All of the goodwill was allocated to a wholly owned subsidiary of the Company. The Company does not expect that the amount of goodwill will be deductible for tax purposes under current Polish or Swedish tax law.

The \$1,136 of acquired intangible assets was assigned to customers that have a useful life of approximately 10 years. The fair value assigned to identifiable intangible assets acquired have been determined primarily by using the income approach, which discounts expected future cash flows to present value using estimates and assumptions determined by management. The Company is utilizing a third party to assist in assigning a fair value to acquired intangible assets. The Company does not expect that the total amount of identifiable intangible assets will be deductible for tax purposes under current Polish or Swedish tax law.

The amounts of revenue and net income of Finnveden included in the Company's consolidated statements of income from the acquisition date to the period ending October 31, 2014 are as follows:

<b>Finnveden Results of Operations</b>	<b>From July 1, 2014 - October 31, 2014</b>
Revenue	\$49,060
Net loss	\$(1,020)





**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**Albany-Chicago Company LLC**

On December 28, 2012, the Company, through a wholly-owned subsidiary, entered into and consummated the transactions contemplated by a Membership Interest Purchase Agreement, dated December 28, 2012 (the "Albany-Chicago Agreement"), among the subsidiary and all of the equity owners of Albany-Chicago Company LLC ("Pleasant Prairie"), a producer of aluminum die cast and machined parts for the motor vehicle industry.

The Company acquired Pleasant Prairie in order to further its investment in light weighting technologies and expand the diversity of its customer base, product offering and geographic footprint. Pleasant Prairie's results of operations are reflected in the Company's consolidated statements of income from the acquisition date.

The aggregate fair value of consideration transferred in connection with the Albany-Chicago Agreement was \$56,390, including \$56,792 (\$56,337 net of cash acquired) paid in cash on the date of acquisition. Of this amount, \$3,000 in cash was placed into escrow, and served as security for any indemnification claims made by the Company under the Albany-Chicago Agreement. Subsequent to the acquisition date, \$381 of working capital adjustments were paid during the second quarter of 2013 to the seller, a reduction in purchase price of \$850 as a result of a settlement agreement on asset valuation for tax purposes occurred during the third quarter of 2013, which was taken out of the escrow balance and a working capital adjustment of \$67 paid to the seller during the third quarter of 2013. During the first quarter of fiscal 2014, certain settlements occurred resulting in \$1,000 in escrow funds being returned to the Company for settlement of excess tooling expenses and was included in the Company's operating results and \$200 in escrow funds being released to the seller for volumes on certain programs exceeding agreed levels. The final escrow distribution to the seller of \$950 occurred in the third quarter of 2014.

The acquisition of Pleasant Prairie has been accounted for using the acquisition method in accordance with the FASB ASC Topic 805, *Business Combinations*. Assets acquired and liabilities assumed were recorded at their estimated fair values as of the acquisition date. The fair values of identifiable intangible assets were based on valuations using the income approach and estimates provided by management. The excess of the purchase price over the estimated fair values of the tangible assets, identifiable intangible assets and assumed liabilities was recorded as goodwill. The allocation of the purchase price was based upon a valuation of certain assets acquired and liabilities assumed. The final purchase price allocation was as follows:

Cash and cash equivalents	\$ 455
Accounts receivable	9,195
Inventory	2,711
Prepaid assets and other	1,851
Property, plant and equipment	26,100
Goodwill	5,492
Intangible assets	16,056
Other non-current assets	67
Accounts payable and other	(5,537)
Net assets acquired	<u>\$ 56,390</u>

The Company utilized a third party to assist with the fair value determination of certain components of the purchase price allocation, namely property, plant and equipment and intangible assets.

The Company believes the amount of goodwill resulting from the purchase price allocation is attributable to the workforce of the acquired business (which is not eligible for separate recognition as an identifiable intangible asset) and the synergies expected after the Company's acquisition of Pleasant Prairie. All of the goodwill was allocated to a wholly owned subsidiary of the Company. The total amount of goodwill expected to be deductible for tax purposes is \$14,291 and is

estimated to be deductible over approximately 15 years.

Of the \$16,056 of acquired intangible assets, \$13,462 was assigned to customers that have a useful life of approximately 13 years, \$1,850 was assigned to trade names with an estimated useful life of approximately 15 years, and \$744 was assigned to non-competition agreements with an estimated useful life of approximately 2 years. The fair values assigned to identifiable

**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

intangible assets acquired has been determined primarily by using the income approach, which discounts expected future cash flows to present value using estimates and assumptions determined by management. The Company utilized a third party to assist in assigning a fair value to acquired intangible assets. The total amount of identifiable intangible assets expected to be deductible for tax purposes is \$16,056 and is estimated to be deductible over approximately 15 years.

**Contech Castings, LLC**

On June 11, 2013, a wholly-owned subsidiary of the Company entered into an Asset Purchase Agreement (the "Contech Agreement"), with Contech Castings, LLC ("Contech") and its subsidiary Contech Casting Real Estate Holdings, LLC ("Contech Real Estate" and together with Contech, "Contech Sellers"). Contech was engaged in the business of die casting and machining motor vehicle parts and further producing engineered high pressure aluminum die cast and machined parts for the motor vehicle industry, and Contech Real Estate owned the real property used by Contech in its business. The acquisition closed on August 2, 2013. Under the terms of the Contech Agreement, the Company acquired the assets of the business located at the purchased facilities and assumed certain specified liabilities from the Contech Sellers for \$42,536, which consisted of \$42,187 in cash on the date of the acquisition after adjustments in working capital, certain assumed liabilities and amounts of capital expenditures. Of this amount, \$3,825 in cash was placed into escrow, and served as security for any indemnification claims made by the Company under the Contech Agreement. Subsequent to the acquisition date, \$349 of settlements were paid to the sellers net of certain closing costs refunded to the Company during the second quarter of fiscal 2014 and resulted in an adjustment to goodwill. During the third quarter of fiscal 2014, the Company entered into an escrow settlement agreement with the Contech Sellers where \$720 of the escrow amount would be released to the Company to satisfy certain claims and were included in the Company's operating results and \$2,280 would be released to the sellers. Escrow funds of \$387 were released to the seller to satisfy certain seller tax liabilities throughout fiscal 2014 leaving a remaining escrow balance of \$438 at the end of fiscal 2014.

The Company acquired Contech's businesses in order to further its investment in light weighting technologies, expand its capabilities in aluminum die casting machining and expand the diversity of our customer base, product offering and geographic footprint. Contech's results of operations are reflected in the Company's consolidated statements of income from the acquisition date.

The acquisition of Contech has been accounted for using the acquisition method in accordance with FASB ASC Topic 805, *Business Combinations*. Assets acquired and liabilities assumed were recorded at their estimated fair values as of the acquisition date. The fair values of identifiable intangible assets were based on valuations using the income approach and estimates provided by management. The excess of the purchase price over the estimated fair values of the tangible assets, identifiable intangible assets and assumed liabilities was recorded as goodwill. The allocation of the purchase price is based upon a valuation of certain assets acquired and liabilities assumed. The final purchase price allocation was as follows:

Accounts receivable	\$	2,126
Inventory		1,529
Prepaid assets and other		170
Property, plant and equipment		36,976
Goodwill		4,605
Intangible Assets		2,898
Accounts payable and other		(5,768)
Net assets acquired	\$	<u>42,536</u>

The Company utilized a third party to assist in the fair value determination of certain components of the purchase price allocation, namely property, plant and equipment and intangible assets. As a result of the valuation completed during the quarter ended April 30, 2014, the assigned value to property, plant and equipment was revised to \$36,976, which was a

reduction of \$2,981 from the previous estimate, and resulted in an increase to goodwill and a decrease to property, plant and equipment by the corresponding amount.

The Company believes the amount of goodwill resulting from the purchase price allocation is attributable to the workforce of the acquired business (which is not eligible for separate recognition as an identifiable intangible asset) and the synergies expected

**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

after the Company's acquisition of Contech. The total amount of goodwill expected to be deductible for tax purposes is \$4,605 and is estimated to be deductible over approximately 15 years.

Of the \$2,898 of acquired intangible assets, \$25 was assigned to trade names with an estimated useful life of approximately 3 months, \$166 was assigned to trademarks with an estimated useful life of approximately 10 years, and \$2,707 was assigned to developed technologies with an estimated useful life of 5 years. The Company utilized a third party to assist in assigning a fair value to acquired intangible assets. The total amount of identifiable intangible assets expected to be deductible for tax purposes is \$2,898 and is estimated to be deductible over approximately 15 years.

**Acquisition Related Costs**

In fiscal 2014 and fiscal 2013, the Company expensed approximately \$3,450 and \$1,300 respectively of acquisition related costs.

**Pro Forma Consolidated Results (unaudited)**

The following unaudited supplemental pro forma information presents the financial results for the year ended October 31, 2014 as if the acquisition of Finnveden, Pleasant Prairie and Radar had occurred on November 1, 2013, and for the year ended October 31, 2013 as if the acquisitions had occurred on November 1, 2012. The pro forma results do not include any anticipated cost synergies, costs or other effects of the integration of Finnveden, Pleasant Prairie or Radar. Accordingly, such pro forma amounts are not necessarily indicative of the results that actually would have occurred had the acquisition been completed on the dates indicated, nor are they indicative of the future operating results of the combined Company. In addition, the pro forma information includes amortization expense related to intangible assets acquired of \$505 and \$836 for the years ended October 31, 2014 and October 31, 2013, respectively. Pro forma information related to the Contech acquisitions are not included in the table below as their financial results were not considered to be significant to the Company's operating results for the periods presented.

<b>Pro forma consolidated results (in thousands, except for per share data):</b>	<b>(Unaudited)</b>	
	<b>Years Ended October 31,</b>	
	<b>2014</b>	<b>2013</b>
Revenue	\$ 1,137,126	\$ 997,574
Net income	\$ 24,811	\$ 27,821
Basic earnings per share	\$ 1.45	\$ 1.64
Diluted earnings per share	\$ 1.44	\$ 1.63

**Note 3—Asset Impairment and Restructuring Charges**

Asset recoveries of \$4,026 were recorded during fiscal 2014 for cash received upon sales of assets from the Company's former Mansfield Blanking facility, which was impaired in fiscal 2010.

Impairment charges, net of \$18 were recorded during fiscal 2013. Asset recoveries of \$96 were recorded during fiscal 2013 for cash received upon sales of assets from the Company's Mansfield Blanking facility, which was impaired in fiscal 2010.

Impairment recoveries of \$369 were recorded during fiscal 2013 for cash received upon sales of assets from the Company's Liverpool Stamping facility, which was impaired in fiscal 2009.

During the fourth quarter of fiscal 2013, the Company recorded an asset impairment charge of \$483 to reduce the real property of the Company's Anniston facility to a fair value based on an independent assessment that considered recent

sales of similar properties, changes in market conditions and an income based valuation approach.

**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**Note 4—Accounts Receivable**

Accounts receivable are expected to be collected within one year and are net of an allowance for doubtful accounts in the amount of \$601 and \$341 at October 31, 2014 and 2013, respectively. The Company recognized net bad debt expense of \$153 and \$98 during fiscal 2014 and 2013, respectively, in the consolidated statements of income.

The Company continually monitors its exposure with its customers and additional consideration is given to individual accounts in light of the market conditions in the automotive industry.

**Note 5—Inventories**

Inventories consist of the following:

	October 31,	
	2014	2013
Raw materials	\$ 36,417	\$ 16,827
Work-in-process	12,044	7,742
Finished goods	13,382	9,573
Total material	61,843	34,142
Tooling	29,460	8,782
Total inventories	\$ 91,303	\$ 42,924

Total cost of inventory is net of reserves to reduce certain inventory from cost to net realizable value. Such reserves aggregated \$3,985 and \$853 at October 31, 2014 and 2013, respectively. The increase of \$3,132 is due to the significant balances in the reserve account from the acquisitions, needed to adjust inventories for such acquisitions to fair value.

The increase in production inventory of \$27,701 is the result of increased sales volumes and acquisitions, net of improvements in our supply chain logistics.

Customer reimbursed tooling inventories totaling \$29,460 as of October 31, 2014 increased \$20,678 from October 31, 2013, for tooling related to new program awards that go into production over the next two years. Of the increase in tooling, \$7,168 is from the Finneveden acquisition.

**Note 6—Other Assets**

	October 31,	
	2014	2013
Other assets consist of the following:		
Deferred financing costs, net	\$ 2,280	\$ 2,311
Tooling for customers	2,642	—
Other	523	616
Total	\$ 5,445	\$ 2,927

Deferred financing costs are amortized over the term of the debt. During fiscal 2014 and 2013, amortization of these costs amounted to \$807 and \$338, respectively. Accumulated amortization was \$3,274 and \$2,467 as of October 31, 2014 and 2013, respectively. During 2014, the Company entered into two amendments to the Credit Agreement and capitalized \$776 of the costs.





**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**Note 7—Property, Plant and Equipment**

Property, plant and equipment consist of the following:

	<b>October 31,</b>	
	<b>2014</b>	<b>2013</b>
Land and improvements	\$ 11,452	\$ 11,050
Buildings and improvements	117,776	109,977
Machinery and equipment	455,482	411,847
Furniture and fixtures	11,161	11,568
Construction in progress	52,345	28,982
Total, at cost	648,216	573,424
Less: Accumulated depreciation	373,388	375,550
Property, plant and equipment, net	<u>\$274,828</u>	<u>\$197,874</u>

Depreciation expense was \$25,638 and \$20,878 in fiscal 2014 and 2013, respectively.

During the years ended October 31, 2014 and 2013, interest capitalized as part of property, plant and equipment was \$272 and \$112, respectively. The Company had unpaid capital expenditures included in accounts payable of approximately \$5,415 and \$1,978 at October 31, 2014 and 2013, respectively, and consequently such amounts are excluded from capital expenditures in the accompanying consolidated statements of cash flows for the fiscal years 2014 and 2013. The Company has commitments for capital expenditures of \$21,000 at October 31, 2014 that will be incurred in 2015.

Capital Leases:

	<b>October 31,</b>	
	<b>2014</b>	<b>2013</b>
Leased Property:		
Machinery and equipment	\$7,639	\$ —
Less: Accumulated depreciation	367	\$ —
Leased property, net	<u>\$7,272</u>	<u>\$ —</u>

Future minimum rental payments to be made under capital leases at October 31, 2014 are as follows:

**Twelve Months Ending October 31,**

2015	\$1,096
2016	1,096
2017	1,096
2018	1,096
2019	814
Thereafter	2,660
	<u>7,858</u>
Less amount representing interest ranging from 3.05% to 3.77%	891
Total obligations under capital leases	<u>\$6,967</u>



**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**Note 8—Financing Arrangements**

Debt consists of the following:

	October 31,	
	2014	2013
Credit Agreement—interest at 2.15% and 1.95% at October 31, 2014 and October 31, 2013, respectively	\$ 260,500	\$ 117,400
Equipment security note	1,985	2,461
Capital lease obligations	6,967	—
Insurance broker financing agreement	568	405
Total debt	270,020	120,266
Less: Current debt	1,918	882
Total long-term debt	\$ 268,102	\$ 119,384

The weighted average interest rate of all debt was 2.08% and 2.06% for fiscal years 2014 and 2013, respectively.

The Company and its subsidiaries are party to a Credit Agreement, dated October 25, 2013, as amended (the "Credit Agreement") with Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, JPMorgan Chase Bank, N.A. as Syndication Agent, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities, LLC as Joint Lead Arrangers and Joint Book Managers, The PrivateBank and Trust Company, Compass Bank and Citizens Bank, N.A., as Co-Documentation Agents, and the other lender parties thereto.

On September 29, 2014, the Company executed an amendment to the Credit Agreement that extends the commitment period to September 29, 2019 and increases the Company's revolving line of credit to \$360,000 which is comprised of two aggregate revolving commitments. Aggregate Revolving A commitments amount to \$235,000 and aggregate Revolving B commitments amount to \$125,000, subject to the Company's pro forma compliance with financial covenants, the administrative agent's approval and the Company obtaining commitments for such increase. Additionally, this amendment increased the permitted leverage ratio from 3.25 to 3.5 in certain circumstances for a limited period of time following a material acquisition.

Borrowings under the Credit Agreement bear interest, at the Company's option, at LIBOR or the base (or "prime") rate established from time to time by the administrative agent, in each case plus an applicable margin. The Third Amendment provides for an interest rate margin on LIBOR loans of 2.0% and a 1.0% on base rate loans through January 31, 2015. Thereafter, the interest rate margin on LIBOR loans will be 1.5% to 2.5% and on base rate loans will be 0.25% to 1.5%, depending on the Company's leverage ratio.

The Credit Agreement contains customary restrictive and financial covenants, including covenants regarding the Company's outstanding indebtedness and maximum leverage and interest coverage ratios. The Credit Agreement also contains standard provisions relating to conditions of borrowing. In addition, the Credit Agreement contains customary events of default, including the non-payment of obligations by the Company and the bankruptcy of the Company. If an event of default occurs, all amounts outstanding under the Credit Agreement may be accelerated and become immediately due and payable. The Company was in compliance with the financial covenants as of October 31, 2014 and October 31, 2013.

After considering letters of credit of \$2,980 that the Company has issued, available funds under the Credit Agreement were \$96,520 at October 31, 2014.

Borrowings under the Agreement are collateralized by a first priority security interest in substantially all of the tangible and intangible property of the Company and its domestic subsidiaries and 65% of the stock of foreign subsidiaries.



**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

Other Debt:

In July 2014, the Company entered into a finance agreement with an insurance broker for various insurance policies that bears interest at a fixed rate of 1.87% and requires monthly payments of \$95 through April 2015. As of October 31, 2014, \$568 remained outstanding under this agreement and was classified as current debt in the Company's consolidated balance sheets.

On September 2, 2013, the Company entered into an equipment security note that bears interest at a fixed rate of 2.47% and requires monthly payments of \$44 through September 2018. As of October 31, 2014, \$1,985 remained outstanding under this agreement and \$489 was classified as current debt and \$1,496 was classified as long term debt in the Company's consolidated balance sheets.

The Company maintains capital leases for equipment used in our manufacturing facilities with lease terms expiring between 2018 and 2020. As of October 31, 2014, the present value of minimum lease payments under our capital leases amounted to \$6,967.

Derivatives:

On February 25, 2014, the Company entered into an interest rate swap with an aggregate notional amount of \$75,000 designated as a cash flow hedge of a portion of the Company's Credit Agreement to manage interest rate exposure on the Company's floating rate LIBOR based debt. The interest rate swap is an agreement to exchange payment streams based on the notional principal amount. This agreement fixes the Company's future interest payments at 2.74% plus the applicable rate (defined above), on an amount of the Company's debt principal equal to the then-outstanding swap notional amount. The forward interest rate swap commences on March 1, 2015 with an initial \$25,000 base notional amount with \$25,000 increases to the base notional amount on September 1, 2015 and March 1, 2016, respectively. The base notional amount plus each incremental addition to the base notional amount have a five year maturity of February 29, 2020, August 31, 2020 and February 28, 2021, respectively. On the date the interest swap was entered into, the Company designated the interest rate swap as a hedge of the variability of cash flows to be paid relative to its variable rate monies borrowed. Any ineffectiveness in the hedging relationship is recognized immediately into earnings. On October 31, 2014, the Company determined the mark-to-market adjustment for the interest rate swap to be a loss of \$1,558, net of tax, which is reflected in other comprehensive income. The first base notional amount is set to commence on March 1, 2015 at which time the Company will recognize a gain or loss on the interest rate swap. At this time, the Company does not believe the amount will have a material impact.

Scheduled repayments under the terms of the Credit Agreement plus repayments of other debt are listed below:

<u>Twelve Months Ending October 31,</u>	<u>Credit Agreement</u>	<u>Equipment Security Note</u>	<u>Capital Lease Obligations</u>	<u>Other Debt</u>	<u>Total</u>
2015	\$ —	\$ 489	\$ 861	\$ 568	\$ 1,918
2016	—	501	906	—	1,407
2017	—	513	942	—	1,455
2018	—	482	980	—	1,462
2019	260,500	—	684	—	261,184
Thereafter	—	—	2,594	—	2,594
Total	<u>\$ 260,500</u>	<u>\$ 1,985</u>	<u>\$ 6,967</u>	<u>\$ 568</u>	<u>\$ 270,020</u>



**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**Note 9—Goodwill and Intangible Assets**

**Goodwill:**

During 2014, the Company recognized \$24,887 of goodwill related to the acquisitions of Radar Industries Inc., and Finnveden Metal Structures and includes adjustments of \$3,330 related to Contech Castings LLC acquisition.

During 2013, the Company recognized \$6,768 of goodwill related to the acquisitions of Albany-Chicago Company LLC and Contech Castings LLC.

In accordance with the Goodwill Topic of the ASC, goodwill is tested for impairment annually, and interim impairment tests are performed whenever an event occurs or circumstances change that indicate an impairment has more likely than not occurred. September 30 has been established for the annual impairment review. At the time of impairment testing, values are estimated for goodwill, incorporating discount rates commensurate with the risks involved. An optional qualitative assessment may alleviate the need to perform the quantitative goodwill impairment test when impairment is unlikely. The Company used the qualitative assessment in 2013.

The annual impairment review performed as of September 30, 2014 did not result in any goodwill impairment.

The changes in the carrying amount of goodwill are as follows:

Balance October 31, 2012	\$ —
Acquisitions	6,768
Divestitures	—
Foreign currency translation and other	—
Balance October 31, 2013	<u>6,768</u>
Acquisitions, including adjustments on prior year acquisitions	24,887
Divestitures	—
Foreign currency translation and other	(768)
Balance October 31, 2014	<u>\$ 30,887</u>

**Intangibles:**

Intangible assets acquired with the acquisitions described in Note 2 consist of the following:

	<u>Customer</u> <u>Relationships</u>	<u>Developed</u> <u>Technology</u>	<u>Non-Compete</u>	<u>Trade Name</u>	<u>Trademark</u>	<u>Total</u>
Balance October 31, 2012	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Acquisitions	13,462	2,707	744	1,875	166	18,954
Amortization expense	(771)	(136)	(310)	(128)	(4)	(1,349)
Foreign currency translation and other	—	—	—	—	—	—
Balance October 31, 2013	<u>12,691</u>	<u>2,571</u>	<u>434</u>	<u>1,747</u>	<u>162</u>	<u>17,605</u>
Acquisitions	4,456	2,300	—	—	—	6,756
Amortization expense	(1,183)	(560)	(372)	(123)	(17)	(2,255)
Foreign currency translation and other	(108)	—	—	—	—	(108)

Balance October 31, 2014	\$	15,856	\$	4,311	\$	62	\$	1,624	\$	145	\$	21,998
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**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

The following table reflects intangible assets and related accumulated amortization:

<b>October 31, 2014</b>					
	<b>Useful Life</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Foreign Currency Adjustment</b>	<b>Net</b>
Trade Name (Albany-Chicago)	15 years	\$ 1,850	\$ (226)	\$ —	\$ 1,624
Non-compete (Albany-Chicago)	2 years	744	(682)	—	62
Customer Relationships (Albany-Chicago)	13 years	13,462	(1,898)	—	11,564
Trade Name (Contech)	0.25 years	25	(25)	—	—
Trademark (Contech)	10 years	166	(21)	—	145
Developed Technology (Contech)	5 years	2,707	(677)	—	2,030
Customer Relationships (FMS)	10 years	1,136	(36)	(108)	992
Customer Relationships (Radar)	14 years	3,320	(20)	—	3,300
EPTC Technology (Radar)	10 years	2,300	(19)	—	2,281
Total intangible assets		\$ 25,710	\$ (3,604)	(108)	\$ 21,998

  

<b>October 31, 2013</b>				
	<b>Useful Life</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net</b>
Trade Name (Albany-Chicago)	15 years	\$ 1,850	\$ (103)	\$ 1,747
Non-compete (Albany-Chicago)	2 years	744	(310)	434
Customer Relationships (Albany-Chicago)	13 years	13,462	(771)	12,691
Trade Name (Contech)	0.25 years	25	(25)	—
Trademark (Contech)	10 years	166	(4)	162
Developed Technology (Contech)	5 years	2,707	(136)	2,571
Total intangible assets		18,954	(1,349)	17,605

Total amortization expense for the years ending October 31, 2014 and 2013 was \$2,255 and \$1,349, respectively. Amortization expense related to intangible assets for the following fiscal years ending is estimated to be as follows:

2015	\$ 2,349
2016	2,287
2017	2,287
2018	2,151
2019	1,745
Thereafter	11,179
	\$ 21,998



**Note 10—Operating Leases**

The Company leases buildings, material handling, manufacturing and office equipment under operating leases with terms that range from one to fifteen years at inception. The leases do not include step rent provisions, escalation clauses, capital improvement funding or other lease concessions that qualify the leases as a contingent rental. Also, the leases do not include a variable related to a published index. The Company's operating leases are charged to expense over the lease term, on a straight-line basis.

The longest lease term of the Company's current leases extends to May 2029. Rent expense under operating leases for fiscal years 2014 and 2013 was \$4,613 and \$2,203, respectively. Future minimum lease payments under operating leases are as follows at October 31, 2014:

2015	\$8,443
2016	6,986
2017	6,216
2018	4,980
2019	4,755
Thereafter	\$5,301
Total commitments under non-cancelable operating leases	<u>\$36,681</u>

**Note 11—Employee Benefit Plans**

The Company maintains pension plans, which are frozen, covering its eligible employees. The Company also provides an unfunded postretirement health care benefit plan for approximately 16 retirees and their dependents. The measurement date for the Company's employee benefit plans coincides with its fiscal year end, October 31.

**Obligations and Funded Status U.S. Plans At October 31**

	Pension Benefits		Other Post Retirement Benefits	
	2014	2013	2014	2013
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ (85,128)	\$ (88,665)	\$ (894)	\$ (940)
Interest cost	(3,749)	(3,260)	(38)	(34)
Settlements	—	2,271	—	—
Actuarial gain (loss)	(4,388)	835	277	45
Benefits paid	4,675	3,691	16	35
	<u>(88,590)</u>	<u>(85,128)</u>	<u>(639)</u>	<u>(894)</u>
Change in plan assets:				
Fair value of plan assets at beginning of year	60,956	53,230	—	—
Actual return on plan assets	5,206	8,542	—	—
Employer contributions	4,374	5,146	16	35
Settlement	—	(2,271)	—	—
Benefits paid	(4,675)	(3,691)	(16)	(35)

Fair value of plan assets at end of year	65,861	60,956	—	—
Funded status, benefit obligations in excess of plan assets	<u>\$ (22,729)</u>	<u>\$ (24,172)</u>	<u>\$ (639)</u>	<u>\$ (894)</u>

**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

The above amounts are recorded in the liabilities section of the consolidated balance sheets as follows:

	Pension Benefits		Other Post Retirement Benefits	
	2014	2013	2014	2013
Other accrued expenses	\$ (3,910)	\$ (3,650)	\$ (62)	\$ (99)
Long-term benefit liabilities	(18,819)	(20,522)	(577)	(795)
Total	<u>\$ (22,729)</u>	<u>\$ (24,172)</u>	<u>\$ (639)</u>	<u>\$ (894)</u>

**Components of Net Periodic Benefit Cost U.S. Plans**

	Pension Benefits		Other Post Retirement Benefits	
	2014	2013	2014	2013
Interest cost	\$ 3,749	\$ 3,260	\$ 38	\$ 34
Expected return on plan assets	(4,281)	(3,735)	—	—
Settlement	—	1,102	—	—
Amortization of net actuarial loss	1,074	1,392	41	48
Net periodic benefit cost	<u>\$ 542</u>	<u>\$ 2,019</u>	<u>\$ 79</u>	<u>\$ 82</u>

As part of a strategy to remove liability risk and reduce payments to the Pension Benefit Guaranty Corporation, the Company elected to allow lump sum distributions from the defined benefit pension plans, of which approximately 200 former employees elected and received distributions during fiscal 2013, removing \$2,271 in liability from the plan. The FASB requires a special accounting charge for settling pension obligations in this manner. During fiscal year 2013, the Company incurred \$1,102 in expense for this settlement charge.

The Company expects to recognize in the consolidated statements of income the following amounts that will be amortized from accumulated other comprehensive income in fiscal 2015.

	Pension Benefits	Other Post Retirement Benefits
Amortization of net actuarial loss	\$1,186	\$28

The Company has recognized the following cumulative pre-tax actuarial losses, prior service costs and transition obligations in accumulated other comprehensive income:

	Pension Benefits		Other Post Retirement Benefits	
	2014	2013	2014	2013
Net actuarial loss	\$ 43,669	\$ 41,280	\$ 361	\$ 679
Accumulated other comprehensive income	<u>\$ 43,669</u>	<u>\$ 41,280</u>	<u>\$ 361</u>	<u>\$ 679</u>



**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**Additional Information on U.S. Plans**

	Pension Benefits		Other Post Retirement Benefits	
	2014	2013	2014	2013
Increase (decrease) in minimum liability included in other comprehensive income	\$ (2,390)	\$ 8,135	\$ 318	\$ 93

**Assumptions U.S. Plans**

Weighted-average assumptions used to determine benefit obligations at October 31	Pension Benefits		Other Post Retirement Benefits	
	2014	2013	2014	2013
Discount rate	4.00%	4.50%	4.00%	4.50%

  

Weighted-average assumptions used to determine net periodic benefit costs for years ended October 31	Pension Benefits		Other Post Retirement Benefits	
	2014	2013	2014	2013
Discount rate	4.50%	3.75%	4.50%	3.75%
Expected long-term return on plan assets	7.50%	7.50%	—	—

These assumptions are used to develop the projected obligation at fiscal year end and to develop net periodic benefit cost for the subsequent fiscal year. Therefore, for fiscal 2014, the assumptions used to determine net periodic benefit costs were established at October 31, 2013, while the assumptions used to determine the benefit obligations were established at October 31, 2014

The Company uses the Principal Pension Discount Yield Curve ("Principal Curve") for the U.S. Plans as the basis for determining the discount rate for reporting pension and retiree medical liabilities. The Principal Curve has several advantages to other methods, including: transparency of construction, lower statistical errors, and continuous forward rates for all years. At October 31, 2014 the discount rate from the use of the Principal Curve was 4.00%, a decrease of 0.50% from a year ago that resulted in an increase of the benefit obligation of approximately \$6,076.

The Company determines the annual rate of return on the U.S. Plan pension assets by first analyzing the composition of its asset portfolio. Historical rates of return are applied to the portfolio. The Company's outside investment advisors and actuaries review the computed rate of return. Industry comparables and other outside guidance are also considered in the annual selection of the expected rates of return on pension assets. The long-term expected rate of return on plan assets takes into account years with exceptional gains and years with exceptional losses.

Assumed health care trend rates	October 31,	
	2014	2013
Health care cost trend rate assumed for next year	7.0%	7.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	6.5%	6.5%
Year that the rate reaches the ultimate trend rate	2015	2015





**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plan. The Company's trend rate was based on reduced health care claims experienced by a small and declining retiree population. A one-percentage point change in assumed healthcare cost trend rates would have the following effects at October 31, 2014:

	One-Percentage Point Increase	One-Percentage Point Decrease
Effect on total of service and interest cost components	\$5	\$(6)
Effect on post retirement obligation	\$59	\$(51)

**Plan Assets U.S. Plan Assets**

The Company has established a targeted asset allocation percentage by asset category and rebalances the assets of each plan when pension contributions are funded. The Company's pension plan weighted-average asset allocations at October 31, 2014 and 2013, by asset category and comparison to the target allocation percentage are as follows:

<i>Asset Category</i>	Target Allocation Percentage	Plan Assets at October 31,	
		2014	2013
Equity securities	0-70%	59%	60%
Debt securities	0-70%	35%	34%
Real estate	0-10%	6%	6%
Total		100%	100%

The Company's investment policy for assets of the plans is to obtain a reasonable long-term return consistent with the level of risk assumed. The Company also seeks to control the cost of funding the plans within prudent levels of risk through the investment of plan assets and the Company seeks to provide diversification of assets in an effort to avoid the risk of large losses and to maximize the return to the plans consistent with market and economic risk.

**Non-U.S. Plans**

The insurance contracts guarantee a minimum rate of return. The Company has no input into the investment strategy of the assets underlying the contracts, but they are typically heavily invested in active bond markets and are highly regulated by local law.

**Fair Value**

The plans' investments are reported at fair value. Purchases and sale of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

FASB ASC Topic 820, Fair Value Measurements and Disclosures ("FASB ASC 820"), clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based upon assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, FASB ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair

value as follows:

**Level 1:** Quoted prices (unadjusted) for identical assets or liabilities in active markets that the plans have the ability to access as of the measurement date.

**Level 2:** Significant other observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

**Level 3:** Significant unobservable inputs that reflect the plans' own assumptions about the assumptions that market participants would use in pricing an asset or liability.

**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Assets and liabilities measured at fair value are based on one or more of the following three valuation techniques noted in FASB ASC 820:

- Market approach: Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach: Amount that would be required to replace the service capacity of an asset (replacement cost).
- Income approach: Techniques to convert future amounts to a single present amount based upon market expectations (including present value techniques, option-pricing and excess earnings models).

The following descriptions of the valuation methods and assumptions used by the plans to estimate the fair values of investments apply to investments held directly by the plans.

*Mutual funds:* The fair values of mutual fund investments are determined by obtaining quoted prices on nationally recognized securities exchanges (level 1 inputs).

*Pooled separate accounts:* The fair values of participation units held in pooled separate accounts are based on their net asset values, as reported by the managers of the pooled separate accounts as supported by the unit prices of actual purchase and sale transactions occurring as of or close to the financial statement date (level 2 inputs). With the exception of the Principal U.S. Property Separate Account, a fund sponsored by Principal Financial Group, investment and actuarial advisors of the Company, each of the pooled separate accounts invests in multiple securities. With the exception of the Principal U.S. Property Separate Account, each pooled separate account provides for daily redemptions by the plans with no advance notice requirements, and has redemption prices that are determined by the fund's net asset value per unit. Due to illiquidity of the underlying assets of the Principal U.S. Property Separate Account, which is an open-end, commingled real estate account and a separate account of Principal Life Insurance Company (Principal), Principal has imposed a withdrawal limitation that delays the payment of withdrawal requests and provides for payment of such requests on a pro rata basis as cash becomes available for distribution, as determined by Principal.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

Investments totaling \$65,861 at October 31, 2014 and \$60,956 at October 31, 2013 measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at October 31, 2014 Using		Fair Value Measurements at October 31, 2013 Using		Valuation Technique
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
<b>U.S. Plans</b>					
Investments					
Equity					
Large U.S. Equity	\$ 10,012	\$ 13,368	\$ 9,289	\$ 12,344	Market
Small/Mid U.S. Equity	6,079	2,670	5,488	2,437	Market
International Equity	6,611	—	7,316	—	Market
Fixed Income					
Government	—	284	—	278	Market
Corporate	16,162	6,788	13,933	6,270	Cost
Real Estate (Primarily Commercial)	—	3,887	—	3,600	Market
Total Investments	<u>\$ 38,864</u>	<u>\$ 26,997</u>	<u>\$ 36,026</u>	<u>\$ 24,929</u>	
<b>Non-U.S. Plans</b>					
Insurance Contracts	\$ 510	\$ —	\$ —	\$ —	Cost

**Cash Flows**

*Contributions*

The Company expects to contribute \$4,470 to its U.S. pension plans in fiscal 2015, compared to \$4,374 funded in fiscal 2014.

*Estimated Future Benefit Payments*

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid by the plans:

	Pension Benefits	Other Benefits
2015	\$ 3,910	\$ 62
2016	3,750	66
2017	4,120	52
2018	3,920	45
2019	4,500	46
2020-2024	24,440	193



**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**Non-U.S. Plans**

For the Company's Swedish operations, the majority of the pension obligations are covered by insurance policies with insurance companies. Pension commitments in the Company's Polish operations are approximately \$510 at the end of fiscal 2014. The liability of these comprise the present value of future obligations and is calculated on actuarial basis.

**Defined Contribution Plans**

In addition to the defined benefit plans described above, the Company maintains a number of defined contribution plans for its United States locations. Under the terms of the plans, eligible employees may contribute a selected percentage of their base pay. The Company matches a percentage of the employees' contributions up to a stated percentage, subject to statutory limitations. The Company recorded an expense related to the matching program of \$3,230 during fiscal 2014, compared to an expense of \$2,195 during fiscal 2013.

**Note 12—Other Fair Value Financial Instruments**

The methods used by the Company may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets and liabilities remeasured and disclosed at fair value on a recurring basis at October 31, 2014 and 2013 are set forth in the table below:

	Asset (Liability)	Level 2	Valuation Technique
October 31, 2013:			
Interest Rate Swap Contracts	—	—	Income Approach
October 31, 2014:			
Interest Rate Swap Contracts	\$ (2,510)	\$ (2,510)	Income Approach

The Company calculates the fair value of its interest rate swap contracts, using quoted interest rate curves, to calculate forward values, and then discounts the forward values.

The discount rates for all derivative contracts are based on quoted swap interest rates or bank deposit rates. For contracts which, when aggregated by counterparty, are in a liability position, the rates are adjusted by the credit spread that market participants would apply if buying these contracts from the Company's counterparties.

Assets and liabilities measured at fair value on a nonrecurring basis at October 31, 2014 and 2013 are set forth in the table below:

	Asset	Level 3	Valuation Technique
October 31, 2013:			
Goodwill	\$ 6,768	\$ 6,768	Income Approach
Intangible Assets	18,954	18,954	Income Approach
October 31, 2014:			
Goodwill	24,887	24,887	Income Approach
Intangible Assets	\$ 6,756	\$ 6,756	Income Approach

**Note 13—Earnings Per Share (amounts in thousands except number of shares and per share data)**

Basic earnings per share is computed by dividing net income available to common stockholders by the weighted average number of shares of Common Stock outstanding during the period. In addition, the shares of Common Stock issuable pursuant to stock options outstanding under the Amended and Restated 1993 Key Employee Stock Incentive Program are included in the diluted earnings per share

**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

calculation to the extent they are dilutive. For the years ended October 31, 2014 and 2013, approximately 117,000 and 225,000 stock awards, respectively, were excluded from the computation of diluted earnings per share because they were anti-dilutive. The following is a reconciliation of the numerator and denominator of the basic and diluted earnings per share computation for net income per share:

	<u>Years Ended October 31,</u>	
	<u>2014</u>	<u>2013</u>
Net income available to common stockholders	\$ 22,444	\$ 21,570
Basic weighted average shares	17,145	16,982
Effect of dilutive securities:		
Stock options	70	48
Diluted weighted average shares	17,215	17,030
Basic earnings per share	\$ 1.31	\$ 1.27
Diluted earnings per share	\$ 1.30	\$ 1.27

**Note 14—Stock Options and Incentive Compensation (amounts in thousands except number of shares and per share data)**

For the Company, FASB ASC Topic 718 "Compensation – Stock Compensation" affects the stock options that have been granted and requires the Company to expense share-based payment ("SBP") awards with compensation cost for SBP transactions measured at fair value. The Company has elected to use the simplified method of calculating the expected term of the stock options and historical volatility to compute fair value under the Black-Scholes option-pricing model. The risk-free rate for periods within the contractual life of the option is based on the U.S. zero coupon Treasury yield in effect at the time of grant. Forfeitures have been estimated based upon the Company's historical experience.

***1993 Key Employee Stock Incentive Plan***

The Company maintains the Amended and Restated 1993 Key Employee Stock Incentive Program (the "Incentive Plan"), which authorizes grants to officers and other key employees of the Company and its subsidiaries of (i) stock options that are intended to qualify as incentive stock options, (ii) nonqualified stock options and (iii) restricted stock awards. An aggregate of 2,700,000 shares of Common Stock, subject to adjustment upon occurrence of certain events to prevent dilution or expansion of the rights of participants that might otherwise result from the occurrence of such events, has been reserved for issuance pursuant to the Incentive Plan. An individual's award of stock options is limited to 500,000 shares in a five-year period.

Non-qualified stock options, incentive stock options and restricted stock awards have been granted to date and all options have been granted at the market price at the date of grant. Options expire over a period not to exceed ten years from the date of grant and vest ratably over a three year period. The vesting period of the restricted stock awards range between six months and four years. Incentive stock options were not granted in fiscal 2013 or 2014. During fiscal 2014, 89,500 shares of restricted stock were granted to several employees as incentives for future performance. The market value of the Company's stock on the date of the restricted stock awards ranged between \$14.97 and \$20.64. At October 31, 2014, 116,822 restricted stock awards were outstanding.





**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

A summary of option activity under the Incentive Plan is as follows:

	<b>Number of Shares Under Option</b>	<b>Weighted Average Option Price</b>
Outstanding at November 1, 2012	362,085	\$9.99
Granted	—	—
Exercised	(47,804)	\$6.28
Canceled	(78,147)	\$12.45
Outstanding at October 31, 2013	236,134	\$9.93
Granted	—	\$0.00
Exercised	(100,468)	\$10.55
Canceled	(12,333)	\$7.19
Outstanding at October 31, 2014	123,333	\$9.69

There were 111,833 options exercisable as of October 31, 2014 with a weighted average exercise price of \$9.86. Cash received from the exercise of options for the fiscal year ended October 31, 2014 was \$1,061 and \$302 for the fiscal year ended October 31, 2013. At October 31, 2014, the options outstanding had an intrinsic value of \$906 and options exercisable had an intrinsic value of \$803. Options that have an exercise price greater than the market price on October 31, 2014 were excluded from the intrinsic value computation. The intrinsic value of options exercised during fiscal 2014 and 2013 was \$652 and \$485, respectively.

The following table provides additional information regarding options outstanding as of October 31, 2014:

<b>Exercise Prices</b>	<b>Options Outstanding</b>	<b>Exercise Price of Options Outstanding and Options Exercisable</b>	<b>Options Exercisable</b>	<b>Weighted Average Remaining Contractual Life</b>
\$13.06	6,000	\$13.06	6,000	.99
\$14.74	16,000	\$14.74	16,000	2.54
\$2.11	9,000	\$2.11	9,000	4.12
\$5.30	25,333	\$5.30	25,333	4.78
\$12.04	47,000	\$12.04	47,000	6.11
\$8.10	20,000	\$8.10	8,500	7.15
Totals	123,333		111,833	

There were 8,500 options not exercisable as of October 31, 2014 with a weighted average exercise price of \$8.10. No options were granted during the year ended October 31, 2014.

**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

A summary of non-vested options as of and for the years ended October 31, 2014 and 2013 is as follows:

<b>Non-vested Options</b>	<b>Number of Shares</b>	<b>Weighted Average Grant-Date Fair Value</b>
Non-vested at November 1, 2012	136,500	\$10.46
Granted	—	\$0.00
Vested	(58,828)	\$10.84
Forfeited	(21,001)	\$10.32
Non-vested at October 31, 2013	56,671	\$10.12
Granted	—	\$0.00
Vested	(42,838)	\$8.10
Forfeited	(5,333)	\$8.10
Non-vested at October 31, 2014	8,500	\$8.10

For the fiscal years ended October 31, 2014 and 2013, the Company recorded compensation expense related to the stock options currently vesting, effectively reducing pretax income by \$150 and \$456, respectively. The impact on earnings per share for the fiscal year ended October 31, 2014 was a reduction of \$0.01 per share basic and diluted and a reduction of \$0.02 for the fiscal year ended October 31, 2013. The total compensation cost related to nonvested awards not yet recognized as of October 31, 2014 and 2013 was \$15 and \$620, respectively, which will be recognized over the next three fiscal years. The total compensation cost related to the restricted stock currently vesting was \$429. As of October 31, 2014 there was approximately \$1,520 of total unrecognized compensation costs related to non-vested stock options and incentive compensation awards.

***Incentive Bonus Plans***

The Company maintains a Management Incentive Plan ("MIP") to provide the Chief Executive Officer and certain eligible employees ("participants") incentives for superior performance. The MIP is administered by the Compensation Committee of the Board of Directors and entitles the participants to be paid a cash bonus based upon varying percentages of their respective salaries, the level of achievement of the corporate goals established by the Compensation Committee and specific individual goals as established by the Chief Executive Officer (for employees other than the CEO). For fiscal years 2014 and 2013, the Compensation Committee established goals for corporate office personnel based on the Company's earnings before interest, taxes, depreciation and amortization ("EBITDA") and return on invested capital ("ROIC"). For the remaining participants, 50% of the incentive depends upon meeting the operating targets and metrics of the participant's operating unit and 50% is based upon attaining the corporate goals for the Company's performance. For fiscal 2014, participants in the MIP are entitled to receive an aggregate of \$3,360 under the MIP. For fiscal 2013, participants in the MIP received an aggregate bonus of \$3,293 under the MIP, which was paid in the first quarter of fiscal 2014.

**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**Note 15—Income Taxes**

Income (loss) before income taxes consists of the following:

	<u>Years Ended October 31,</u>	
	<u>2014</u>	<u>2013</u>
Domestic	\$ 28,200	\$ 30,814
Foreign	(1,009)	1,361
 Total	 <u>\$ 27,191</u>	 <u>\$ 32,175</u>

The components of the provision for income taxes from continuing operations were as follows:

	<u>Years Ended October 31,</u>	
	<u>2014</u>	<u>2013</u>
Current:		
Federal	\$ 3,684	\$ 8,427
State and local	210	1,338
Foreign	74	261
Total current	3,968	10,026
Deferred:		
Federal	3,069	427
State and local	58	152
Foreign	(2,348)	—
Total deferred	779	579
 Provision	 <u>\$ 4,747</u>	 <u>\$ 10,605</u>

**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

Temporary differences and carryforwards which give rise to deferred tax assets and liabilities were comprised of the following:

	<u>Years Ended October 31,</u>	
	<u>2014</u>	<u>2013</u>
Deferred tax assets:		
Accrued compensation and benefits	\$ 1,524	\$ 1,255
Inventory	886	662
State depreciation adjustments and loss carryforwards	1,739	1,266
Pension obligations and post retirement benefits	7,766	8,255
Foreign net operating loss	2,626	1,153
Tax credits in foreign countries	—	573
Other accruals, reserves and tax credits	3,032	2,806
Goodwill and intangible amortization	9,414	3,304
Foreign currency translation	24	—
Interest rate swap	952	—
	<hr/>	<hr/>
Total deferred tax assets	27,963	19,274
Less: Valuation allowance	(3,630)	(4,014)
	<hr/>	<hr/>
Total deferred tax assets	24,333	15,260
Deferred tax liabilities:		
Fixed assets	(20,193)	(12,828)
Prepaid expenses and other	(778)	(572)
	<hr/>	<hr/>
Net deferred tax asset	<u>\$ 3,362</u>	<u>\$ 1,860</u>
Change in net deferred tax asset:		
Provision for deferred taxes	\$ (779)	\$ (579)
Purchase accounting adjustments	663	—
Unrecognized tax benefit adjustments	(64)	(10)
Components of other comprehensive income:		
Pension and post retirement benefits	783	(2,998)
Velocys investment	(53)	—
Interest rate swap	952	—
Total change in net deferred tax asset	<u>\$ 1,502</u>	<u>\$ (3,587)</u>

As required by FASB ASC Topic 740, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.



**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

Activities and balances of unrecognized tax benefits for 2014 and 2013 are summarized below:

	<u>Years Ended October 31,</u>	
	<u>2014</u>	<u>2013</u>
Balance at beginning of year	\$ 1,183	\$ 1,247
Additions based on tax positions related to the current year	35	54
Reductions based on tax positions related to the current year	(5)	—
Reductions for tax positions of prior years	(3)	(61)
Reductions as result of lapse of applicable statute of limitations	(142)	(57)
Balance at end of year	<u>\$ 1,068</u>	<u>\$ 1,183</u>

The total amount of unrecognized tax benefits that, if recognized, would affect the effective rate was \$700 at October 31, 2014 and \$777 at October 31, 2013. The Company recognizes interest accrued and penalties related to unrecognized tax benefits as part of income tax expense. The Company recognized \$136 of benefit in 2014 and \$21 of expense in 2013 for interest and penalties. The Company had accrued \$893 at October 31, 2014 and \$1,029 at October 31, 2013, for the payment of interest and penalties.

The Company is subject to income taxes in the U.S. federal jurisdiction, and various state, local and foreign jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, the Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for the years ending prior to October 31, 2011 and no longer subject to non-U.S. income tax examinations for calendar years ending prior to December 31, 2009. The Company does not anticipate that within the next 12 months the total unrecognized tax benefits will significantly change due to the settlement of examinations and the expiration of statute of limitations.

In September 2013 and August 2014, the Internal Revenue Service issued final regulations governing the income tax treatment of acquisitions, dispositions, and repairs of tangible property. Taxpayers are required to follow the new regulations in taxable years beginning on or after January 1, 2014. Management is currently assessing the impact of the regulations and does not expect they will have a material impact on the Company's financial statements. The Tax Increase Prevention Act was passed into legislation on December 19, 2014. This Legislation extended the alternative fuel tax credit and the research and development tax credit for one year. Shiloh estimates this will have a favorable impact of \$1,100 in the first quarter of fiscal 2015.

A valuation allowance of \$3,630 remains as of October 31, 2014 for deferred tax assets whose realization remains uncertain at this time. The comparable amount of the valuation allowance at October 31, 2013 was \$4,014. The net decrease in the valuation allowance of \$384 relates to an opening balance sheet increase of \$1,577 resulting from the Finnveden acquisition offset by a translation decrease of \$152 primarily related to Swedish operating loss carry forwards, an increase of \$428 related to state operating loss carry forwards, an increase of \$544 related to Swedish operating loss carry forwards during the current period, a decrease of \$573 for Mexican flat tax credits because legislation was enacted which eliminated the flat tax as of December 31, 2013, a decrease of \$2,171 related to Mexican deferred tax assets and a decrease of \$37 for the future utilization of foreign tax credits in the United States.

The Company assesses both negative and positive evidence when measuring the need for a valuation allowance. A valuation allowance has been established by the Company due to the uncertainty of realizing certain loss carry forwards, other deferred tax assets and foreign tax credits in the United States and various foreign jurisdictions. The Company believes the remaining deferred tax assets will be realizable based on projected book income, the reversals of existing taxable temporary

differences and available tax planning strategies that would be implemented and generate ordinary income in the United States or foreign jurisdictions to recognize the deferred tax assets. The Company intends to maintain the valuation allowance against certain deferred tax assets until such time that sufficient positive evidence exists to support realization of the deferred tax assets. In the event the Company were to determine that it would be able to realize its deferred tax assets in the future in excess of their net recorded amount, an adjustment to the deferred tax assets would increase income in the period such determination was made. Likewise, should the Company determine that it would not be able to realize all or part of its net deferred tax assets in the future, an adjustment to the deferred tax assets would be charged to income in the period such determination was made.



**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

A reconciliation of the statutory federal income tax rate to the effective tax rate is as follows:

	<u>Years Ended October 31,</u>	
	<u>2014</u>	<u>2013</u>
Federal income tax at statutory rate	35.0 %	35.0 %
State and local income taxes, net of federal benefit	0.7	3.5
Valuation allowance change	(6.6)	(1.7)
Domestic tax credits	(0.8)	(0.8)
Domestic production activities deduction	(2.8)	(2.9)
Foreign operations	(1.8)	0.9
Stock option expense	—	0.2
Adjustment of uncertain tax positions	(0.7)	(0.1)
Revisions to prior period research and development tax credit calculations	(9.1)	—
Revisions to prior period estimated income tax calculations	(0.3)	(1.4)
Change in legislation - Mexico	2.1	—
Other	1.8	0.3
	<u>17.5 %</u>	<u>33.0 %</u>
Effective income tax rate	<u>17.5 %</u>	<u>33.0 %</u>

At October 31, 2014, the Company had Swedish foreign operating loss carryforward benefits of approximately \$1,970 with a valuation allowance to the extent of their net deferred tax assets, which can be carried forward indefinitely. In addition, the Company had Mexican operating loss carry forward benefits of approximately \$573 as of October 31, 2014, which will expire in 2018 or 2019. At October 31, 2013, the Company had Mexican operating loss carryforward benefits of approximately \$1,153 with a valuation allowance to the extent of their net deferred tax assets. The Company has various state and local net operating loss and tax credit carryforward benefits of \$1,413 and \$985 with a full valuation allowance, which will expire between 2015 and 2034.

The Company paid income taxes, net of refunds, of \$7,995 and \$7,111 in 2014 and 2013, respectively. U.S. income taxes and foreign withholding taxes are not provided on undistributed earnings of foreign subsidiaries because it is expected such earnings will be permanently reinvested in the operations of such subsidiaries or pay down European debt. It is not practical to determine the amount of income tax liability that would result had such earnings been repatriated. As of October 31, 2014, there was \$1,441 of undistributed foreign subsidiary earnings.

**Note 16—Accumulated Other Comprehensive Loss**

The following table provides additional details of the amounts recognized into net earnings from accumulated other comprehensive loss, net of tax:

	<u>Pension and Post Retirement Plan Liability</u>	<u>Marketable Securities Adjustment</u>	<u>Interest Rate Swap Adjustment</u>	<u>Foreign Currency Translation Adjustment</u>	<u>Accumulated Other Comprehensive Loss</u>
Balance at October 31, 2013	(26,082)	—	—	—	(26,082)

Other comprehensive income (loss)	(1,289)	465	(1,558)	(8,052)	(10,434)
Amounts reclassified from accumulated other comprehensive income (loss)	—	(365)	—	—	(365)
Net current-period other comprehensive income (loss)	<u>(1,289)</u>	<u>100</u>	<u>(1,558)</u>	<u>(8,052)</u>	<u>(10,799)</u>
Balance at October 31, 2014	<u><u>(27,371)</u></u>	<u><u>100</u></u>	<u><u>(1,558)</u></u>	<u><u>(8,052)</u></u>	<u><u>(36,881)</u></u>

**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

The following table reflects the changes in accumulated other comprehensive income related to the Company for October 31, 2014:

Details about accumulated other comprehensive income components - 2014	Amount reclassified from accumulated other comprehensive income (loss)	Affected line item in the Consolidated Statement of Income
Amortization of Pension and Post-Retirement Plan		
Interest costs	\$ (3,787)	(1)
Return on plan assets	4,281	(1)
Net actuarial loss	(1,115)	(1)
	(621)	Total before taxes
	235	Income tax benefit
	<u>\$ (386)</u>	Net of taxes
Realized gain on sale of marketable securities (2)		
	\$ 365	Total before taxes
	(128)	Income tax expense
	<u>\$ 237</u>	Net of taxes

(1) These accumulated other comprehensive income components are included in the computation of net periodic benefit cost. See Note 11- Employee Benefit Plans for further information.

(2) These accumulated other comprehensive income components are included in the computation of the gain on sale of marketable securities. See Note 17 - Related Party Transactions.

**Note 17—Related Party Transactions**

The Company had sales to MTD Products Inc and its affiliates of \$6,756 and \$7,645 for fiscal years 2014 and 2013, respectively. At October 31, 2014 and 2013, the Company had receivable balances of \$533 and \$673, respectively, due from MTD Products Inc and its affiliates, and no amounts were due to MTD Products Inc, at those dates.

On March 11, 2014, the Company entered into a supplier agreement with Velocys (LSE:VLS). As part of the agreement, the Company invested \$2,000, which is comprised of Velocys stock with a market value of \$1,527 on the date of acquisition and a market allowance paid of \$473 that is being amortized over the remaining life of the related supplier agreement. During the third quarter of 2014, the Company sold a portion of the Velocys stock and realized a gain of \$365. The carrying value of the remaining shares at October 31, 2014 was \$892. The Company re-measures available-for-sale securities at fair value and records the unrealized gain or loss in other comprehensive income until realized. A cumulative mark-to-market favorable adjustment of \$100, net of tax, was recorded as a gain to other comprehensive income for the fiscal year ended October 31, 2014.

**Note 18—Business Segment Information**

The Company conducts its business and reports its information as one operating segment-Automotive Products. The Chief Executive Officer of the Company has been identified as the chief operating decision maker because he has final authority over performance assessment and resource allocation decisions. In determining that one operating segment is appropriate, the Company considered the nature of the business activities, the existence of managers responsible for the operating activities and information presented to the Board of Directors for its consideration and advice. Furthermore, the Company is a leading global supplier of lightweighting and noise, vibration and harshness (NVH) solutions to the automotive,

commercial vehicle and industrial markets. The Company offers one of the broadest portfolios of lightweighting solutions to the automotive, commercial vehicle and industrial markets, capable of delivering solutions in aluminum, magnesium, steel and steel alloys. Shiloh delivers these solutions through the design and manufacturing of its BlankLight™, CastLight™ and StampLight™ brands. Shiloh delivers solutions in body, chassis and powertrain systems to original equipment manufacturers ("OEMs") and several "Tier 1" suppliers to the OEM's.

**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

Revenues of foreign geographic regions are attributed to external customers based upon the location of the entity recording the sale. These foreign revenues represent 10.8% and 5.9% of total revenues for fiscal years 2014 and 2013, respectively. Long-lived assets consist primarily of net property, plant and equipment.

	Revenues		Long-Lived Assets		Foreign Currency (Gain) Loss	
	2014	2013	2014	2013	2014	2013
Europe	\$ 49,060	\$ —	\$ 44,151	\$ —	\$ 109	\$ —
Mexico	45,902	41,524	24,611	16,403	(111)	(141)
United States	\$ 783,782	\$ 658,662	\$ 267,001	\$ 208,771		
Total company	\$ 878,744	\$ 700,186	\$ 335,763	\$ 225,174		

The foreign currency gain or loss is included as a component of other income (expense) in the consolidated statements of income.

The following details customers that accounted for more than 10% of the Company's revenues in fiscal 2014 and 2013 .

Customer	Revenues	
	2014	2013
Chrysler	13.9%	15.6%
General Motors	16.4%	20.9%

**SHILOH INDUSTRIES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**Note 19—Quarterly Results of Operations (Unaudited)**  
**(amounts in thousands except per share data)**

<u>For the Year Ended October 31, 2014</u>	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
Revenues	\$183,539	\$208,972	\$216,389	\$269,844
Gross profit	17,846	21,001	22,100	18,654
Operating income	8,021	12,699	9,726	719
Provision (benefit) for income taxes	2,181	3,620	335	(1,389)
Net income	\$4,939	\$8,129	\$8,349	\$1,027
Net income per share basic	\$0.29	\$0.48	\$0.49	\$0.06
Net income per share diluted	\$0.29	\$0.47	\$0.49	\$0.06
Weighted average number of shares:				
Basic	17,113	17,081	17,118	17,180
Diluted	17,208	17,158	17,175	17,229

  

<u>For the Year Ended October 31, 2013</u>	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
Revenues	\$145,383	\$182,146	\$166,059	\$206,598
Gross profit	10,738	19,336	16,374	22,086
Operating income	4,131	11,508	8,187	10,778
Provision for income taxes	1,101	3,686	2,213	3,605
Net income	\$2,583	\$7,249	\$5,282	\$6,456
Net income per share basic	\$0.15	\$0.43	\$0.31	\$0.38
Net income per share diluted	\$0.15	\$0.43	\$0.31	\$0.38
Weighted average number of shares:				
Basic	16,988	16,998	17,007	16,999
Diluted	17,040	17,043	17,051	17,052

**Note 20—Commitments and Contingencies**

The Company is a party to several lawsuits and claims arising in the normal course of its business with customers, vendors, employees and other third parties. In the opinion of management, the Company's liability or recovery, if any, under pending litigation and claims would not materially affect its financial condition, results of operations or cash flow.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

None.

**Item 9A. Controls and Procedures.***Evaluation of Disclosure Controls and Procedures*

The Company maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934, as amended, (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and regulations. As of October 31, 2014, an evaluation was performed under the supervision, and with the participation, of the Company's management, including the Principal Executive Officer ("PEO") and Principal Financial Officer ("PFO"), of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rule "3a-15(e) or Rule 15d-15(e) of the Exchange Act. The Company's PEO and PFO concluded that the Company's disclosure controls and procedures were effective as of October 31, 2014.

*Changes in Internal Control Over Financial Reporting*

On September 30, 2014, the Company acquired the business and related assets of Radar Industries, Inc. and Radar Mexican Investments, LLC, both of which operated under their own set of systems and internal controls. The Company expects to be substantially complete with the incorporation of the acquired operations, as they relate to systems and internal controls, into its control environment during fiscal 2015.

On June 30, 2014, the Company acquired the business and related assets of FinnvedenBulten AB and Finnveden AB, which operated under its own set of systems and internal controls. The Company is maintaining those systems and much of the internal control environment until such time that it is able to incorporate the acquired processes into the Company's own control environment. The Company expects to be substantially complete with the incorporation of the acquired operations, as they relate to systems and internal controls, into its control environment during fiscal 2015.

There were no other changes in the Company's internal control over financial reporting during fiscal 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

*Management's Report on Internal Control Over Financial Reporting*

The management of Shiloh Industries, Inc. and its subsidiaries ("the Company" is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The internal control system of the Company was designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of its inherent limitation, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In conducting management's effectiveness of its internal controls over financial reporting, management has excluded due to timing, size, and complexity, the operations of its newly acquired assets from Radar Industries, Inc. and FinnvedenBulten AB, which were acquired in June 2014 and September 2014, respectively, from its October 31, 2014 Sarbanes-Oxley 404 review. Our acquisitions constituted 30.3% and 8.2%, respectively, of our total assets and total revenues for the year ended October 31, 2014.

Under the supervision and with the participation of the Company's management, including the PEO and PFO, the Company assessed the effectiveness of the Company's internal control over financial reporting as of October 31, 2014 excluding Radar Industries, Inc. and FinnvedenBulten AB. In making this assessment, management chose to early adopt the

criteria set forth by the Committee of Sponsoring Organization of the Treadway Commission (COSO) in “Internal Control - Integrated Framework (2013) as a basis for our assessment. In adopting the 2013 Framework, management assessed the applicability of the principles within each component of internal control and determine whether or not they have been adequately addressed within the current system of internal control and adequately documented. Based on the evaluation of internal control over financial reporting management has concluded that the Company’s internal controls over financial reporting were effective at the reasonable assurance level as of October 31, 2014. Grant Thornton LLP, an independent registered public accounting firm has issued an attestation report on the effectiveness of our internal controls over financial reporting as of October 31, 2014.



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Board of Directors and Shareholders  
Shiloh Industries, Inc.

We have audited the internal control over financial reporting of Shiloh Industries, Inc. (a Delaware corporation) and subsidiaries (the "Company") as of October 31, 2014, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting ("Management's Report"). Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. Our audit of, and opinion on, the Company's internal control over financial reporting does not include the internal control over financial reporting of Radar Industries, Inc. and Finnveden Metal Structures, which are consolidated subsidiaries of the Company, whose financial statements reflect aggregate total assets and revenues constituting 30.3% and 8.2%, respectively, of the related consolidated financial statement amounts as of and for the year ended October 31, 2014. As indicated in Management's Report, Radar Industries, Inc. and Finnveden Metal Structures were acquired during the year ended October 31, 2014. Management's assertion on the effectiveness of the Company's internal control over financial reporting excluded internal control over financial reporting of Radar Industries, Inc. and Finnveden Metal Structures.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of October 31, 2014, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO. We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company as of and for the year ended October 31, 2014, and our report dated January 13, 2015 expressed an unqualified opinion on those financial statements.

/s/ GRANT THORNTON LLP

Cleveland, Ohio

January 13, 2015

**Item 9B. Other Information.**

None.

### PART III

#### Item 10. Directors, Executive Officers and Corporate Governance.

Information with respect to Directors of the Company is set forth in the Proxy Statement under the heading "Election of Directors," which information is incorporated herein by reference. Information required by Item 405 of Regulation S-K is set forth in the Proxy Statement under the heading "Section 16(a) Beneficial Ownership Reporting Compliance," which information is incorporated herein by reference.

The Company has adopted a code of ethics that applies to its Principal Executive Officer, Principal Financial Officer and Corporate Controller as well as the other officers, directors and managers of the Company in accordance with the Marketplace Rules of the Nasdaq Stock Market.

#### Executive Officers of the Registrant

The following information is furnished pursuant to Instruction 3 to Item 401(b) of Regulation S-K.

**Curtis E. Moll, Chairman of the Board.** Mr. Moll became Chairman of the Board of the Company in April 1999, and he has served as a Director of the Company since its formation in April 1993. Since 1980, Mr. Moll has served as the Chairman of the Board and Chief Executive Officer of MTD Holdings Inc (formerly MTD Products Inc), a privately held manufacturer of outdoor equipment. Mr. Moll also serves as a director of The Sherwin-Williams Company and AGCO Corporation. Mr. Moll is 75 years old.

**Ramzi Hermiz, President and Chief Executive Officer.** In September 2012, Mr. Hermiz was appointed by the Board of Directors of the Company as President and Chief Executive Officer. Mr. Hermiz has extensive senior management experience in the automotive parts industry. Prior to joining the Company, Mr. Hermiz served as Senior Vice President, Vehicle Safety and Protection of Federal-Mogul Corporation ("Federal-Mogul"), a publicly held company that designs, engineers, manufactures and distributes technologies to improve fuel economy, reduce emissions and enhance vehicle safety. He was also a member of Federal-Mogul's strategy board since 2005 and a corporate officer since 2001. He served as Senior Vice President, Aftermarket Products and Services from 2007 to 2009 and Senior Vice President of Sealing Systems from 2005 to 2007. Mr. Hermiz held various Senior Management positions after joining Federal-Mogul in 1998 in connection with its acquisition of Fel-Pro, Inc. Mr. Hermiz is 49 years old.

**Thomas M. Dugan, Vice President of Finance and Treasurer.** Mr. Dugan was promoted to the position of Vice President Finance and Treasurer on January 31, 2011. Mr. Dugan has been with the Company since December 1999. He served as Director of Finance until January 2001 when he was promoted to the position of Treasurer. Mr. Dugan is 50 years old.

**David W. Jaeger, Vice President Sales and Business Development, Managing Director of Casting and Machining.** Mr. Jaeger was named Vice President Sales and Business Development in October 2013. He has more than 30 years of automotive industry experience and came to the Company through the acquisition of Contech Castings, where he was the president and chief operating officer. In his current role, he is responsible for directing the Company's sales and business development, which will be critical in expanding business opportunities for all of the Company's product lines. Mr. Jaeger is 54 years old.

**Item 11. Executive Compensation.**

Information with respect to executive compensation is set forth in the Proxy Statement under the heading "Compensation Committee" and under the heading "Executive Compensation," which information is incorporated herein by reference.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

Information with respect to security ownership of certain beneficial owners and management is set forth in the Proxy Statement under the heading "Beneficial Ownership of Common Stock," which information is incorporated herein by reference.

**Summary of Equity Compensation Plans**  
**(Amounts in number of shares and per share data)**

Shown below is information concerning all equity compensation plans and individual compensation arrangements in effect as of October 31, 2014.

Plan Category	Equity Compensation Plan Information		
	Number of Securities To Be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by security holders	123,333	\$9.69	920,958
Equity compensation plans not approved by security holders	—	—	—
Total	<u>123,333</u>	<u>\$9.69</u>	<u>920,958</u>

For additional information regarding the Company's equity compensation plans, refer to the discussion in Note 13 to consolidated financial statements.

**Item 13. Certain Relationships and Related Transactions, and Director Independence.**

Information with respect to certain relationships and related transactions and director independence is set forth in the Proxy Statement under the headings "Certain Relationships and Related Transactions" and "Board of Directors, Committees and Directors Meetings," which information is incorporated herein by reference.

**Item 14. Principal Accountant Fees and Services.**

Information with respect to principal accountant fees and services is set forth in the Proxy Statement under the heading "Principal Accountant Fees and Services," which information is incorporated herein by reference.



**PART IV****Item 15. Exhibits and Financial Statement Schedules**

(a) The following documents are filed as a part of this Annual Report on Form 10-K under Item 8.

1. Financial Statements.

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets at October 31, 2014 and 2013.

Consolidated Statements of Income for the two years ended October 31, 2014 and 2013.

Consolidated Statements of Comprehensive Income for the two years ended October 31, 2014 and 2013.

Consolidated Statements of Cash Flows for the two years ended October 31, 2014 and 2013.

Consolidated Statements of Stockholders' Equity for the two years ended October 31, 2014 and 2013.

Notes to Consolidated Financial Statements.

2. Financial Statement Schedule. Not Applicable

3. Exhibits. The exhibits listed in the accompanying Exhibit Index and required by Item 601 of Regulation S-K (numbered in accordance with Item 601 of Regulation S-K) are filed as part of this Annual Report.







**EXHIBIT INDEX**

<b>Exhibit No.</b>	
3.1	Restated Certificate of Incorporation of the Company is incorporated herein by reference to Exhibit 3.1(i) of the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 1995 (Commission File No. 0-21964).
3.2	Certificate of Designation, dated December 31, 2001, authorizing the issuance of 100,000 shares of Series A Preferred Stock, par value \$.01, is incorporated herein by reference to Exhibit 3.1(ii) of the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2001 (Commission File No. 0-21964).
3.3	Amended and Restated By-Laws of the Company, dated December 13, 2007 is incorporated herein by reference to Exhibit 3.1(iii) of the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2007 (Commission File No. 0-21964).
4.1	Specimen certificate for the Common Stock, par value \$.01 per share, of the Company is incorporated herein by reference to Exhibit 4.1 of the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 1995 (Commission File No. 0-21964).
4.2	Registration Rights Agreement, dated June 22, 1993, by and among the Company, MTD Products Inc and the stockholders named therein is incorporated herein by reference to Exhibit 4.3 of the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 1995 (Commission File No. 0-21964).
10.1*	Amended and Restated 1993 Key Employee Stock Incentive Plan (as Amended and Restated as of December 12, 2002) is incorporated herein by reference to Exhibit A of the Company's Proxy Statement on Schedule 14A for the fiscal year ended October 31, 2002 (Commission File No. 0-21964).
10.2*	Form of Incentive Stock Option Agreement is incorporated herein by reference to Exhibit 10.2 of the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2004 (Commission File No. 0-21964).
10.3*	Form of Nonqualified Stock Option Agreement is incorporated herein by reference to Exhibit 10.3 of the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2004 (Commission File No. 0-21964).
10.4*	Shiloh Industries, Inc. Senior Management Bonus Plan is incorporated herein by reference to Exhibit B of the Company's Proxy Statement on Schedule 14A for the fiscal year ended October 31, 2004 (Commission File No. 0-21964).
10.5	Indemnification Agreement between Directors and Officers and Shiloh Industries, Inc., dated February 5, 2007, is incorporated herein by reference to Exhibit 10.21 of the Company's Quarterly Report on Form 10-Q for the quarter ended April 30, 2007.
10.6	Change in Control Severance Agreement between Thomas M. Dugan and Shiloh Industries, Inc., dated August 25, 2011, is incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Commission on August 26, 2011 (Commission File No. 0-21964).

- 10.7 Appointment of Ramzi Hermiz as President and Chief Executive Officer of Shiloh Industries, Inc., dated August 23, 2012 is incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Commission on August 29, 2012 (Commission File No. 0-21964).
- 10.8 Change in Control Severance Agreement between Ramzi Y. Hermiz and Shiloh Industries, Inc., dated August 23, 2012, is incorporated herein by reference to Exhibit 10.20 of the Company's Current Report on Form 8-K filed with the Commission on August 29, 2012 (Commission File No. 0-21964).
- 10.9 First Amendment to Change in Control Agreement between Thomas M. Dugan and Shiloh Industries, Inc., dated December 19, 2012, is incorporated herein by reference to Exhibit 10.21 of the Company's Current Report on Form 10-K filed with the Commission on December 21, 2012.
- 10.10 Membership Interest Purchase Agreement, dated December 28, 2012 among Shiloh Die Cast LLC and all the equity owners of Albany-Chicago Company LLC, is incorporated herein by reference to Exhibit 10.2 of the Company's Current Report on Form 10-Q filed with the Commission on March 1, 2013 (Commission File No. 0-21964).

**Exhibit  
No.**

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- 10.11 Membership Asset Purchase Agreement, dated June 11, 2013, as amended, with Contech Castings, LLC and its subsidiary Contech Casting Real Estate Holdings, LLC, is incorporated herein by reference to Exhibit 10.29 of the Company's Current Report on Form 10-K filed with the Commission on December 23, 2013 (Commission File No. 0-21964)
- 10.12 Credit Agreement (the "Credit Agreement") dated as of October 25, 2013 with Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities, LLC as Joint Lead Arrangers and Joint Book Managers, The PrivateBank and Trust Company, Compass Bank and RBS Citizens, N.A., as Co-Documentation Agents, and the other lender parties thereto, is incorporated herein by reference to Exhibit 10.24 of the Company's Current Report on Form 8-K filed with the Commission on October 25, 2013 (Commission File No. 0-21964).
- 10.13 First Amendment Agreement (the "First Amendment") dated as of December 30, 2013 with Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities, LLC as Joint Lead Arrangers and Joint Book Managers, The PrivateBank and Trust Company, Compass Bank and RBS Citizens, N.A., as Co-Documentation Agents, and the other lender parties thereto, is incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Commission on December 30, 2013 (Commission File No. 0-21964).
- 10.14 Share Sale and Purchase Agreement, dated May 21, 2014, among the subsidiary and Finnveden AB, a company limited by shares incorporated in Sweden, Shiloh Holdings Sweden AB, company limited by shares incorporated in Sweden, and FinnvedenBulten AB, a company limited by shares incorporated in Sweden, is incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 10-Q filed with the Commission on December 30, 2013 (Commission File No. 0-21964).
- 10.15 Second Amendment Agreement, dated as of June 26, 2014 with Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities, LLC as Joint Lead Arrangers and Joint Book Managers, The PrivateBank and Trust Company, Compass Bank and RBS Citizens, N.A., as Co-Documentation Agents, and the other lender parties thereto, is incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Commission on July 2, 2014 (Commission File No. 0-21964).
- 10.16 Third Amendment Agreement, dated September 29, 2014, among Shiloh Industries, Inc. (the "Company") and Shiloh Holdings Netherlands B.V., a besloten vennootschap met beperkte aansprakelijkheid organized under the laws of the Netherlands with Bank of America, N.A., as Administrative Agent, Swing Line Lender, Dutch Swing Line Lender and an L/C Issuer, JPMorgan Chase Bank, N.A. as Syndication Agent, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities, LLC as Joint Lead Arrangers and Joint Book Managers, The PrivateBank and Trust Company, Compass Bank and Citizens Bank, N.A., as Co-Documentation Agents, and the other lender parties thereto.
- 10.17 Asset Purchase Agreement, dated September 30, 2014, among the Company, Radar Industries, Inc., and Radar Mexican Investments, LLC \*\*
- 14.1 Shiloh Industries, Inc. Code of Conduct, approved by the Company's Board of Directors on February 17, 2004 is incorporated herein by reference to Exhibit 14.1 of the Company's Annual Report on Form 10-K for fiscal year ended October 31, 2004 (Commission File No. 0-21964).

- 21.1 Subsidiaries of the Company. \*\*
- 23.1 Consent of Grant Thornton LLP. \*\*
- 24.1 Powers of Attorney. \*\*
- 31.1 Principal Executive Officer's Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. \*\*
- 31.2 Principal Financial Officer's Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. \*\*
- 32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. \*\*

\* Reflects management contract or other compensatory arrangement required to be filed as an exhibit pursuant to Item 15 (b) of this Report.

\*\* Filed herewith.

THIRD AMENDMENT TO  
CREDIT AGREEMENT

Dated as of September 29, 2014

among

SHILOH INDUSTRIES, INC.,  
and  
SHILOH HOLDINGS NETHERLANDS B.V.,  
as Borrowers,

THE DOMESTIC SUBSIDIARIES OF SHILOH INDUSTRIES, INC.,  
as Guarantors,

BANK OF AMERICA, N.A.,  
as Administrative Agent, Swing Line Lender,  
Dutch Swing Line Lender and an L/C Issuer,

JPMORGAN CHASE BANK, N.A.,  
as Syndication Agent

THE PRIVATEBANK AND TRUST COMPANY,  
COMPASS BANK  
and  
CITIZENS BANK, N.A.,  
as Co-Documentation Agents

and

THE OTHER LENDERS PARTY HERETO

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED  
and  
J.P. MORGAN SECURITIES LLC,  
as Joint Lead Arrangers and Joint Bookrunners

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## THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT (this “Third Amendment Agreement”) dated as of September 29, 2014 (the “Amendment Closing Date”) is entered into among SHILOH INDUSTRIES, INC., a Delaware corporation (the “Company”), SHILOH HOLDINGS NETHERLANDS B.V., a *besloten vennootschap met beperkte aansprakelijkheid* organized under the laws of the Netherlands (the “Dutch Borrower” and together with the Company, each a “Borrower” and collectively, the “Borrowers”), the Guarantors party hereto, the Lenders party hereto and BANK OF AMERICA, N.A., as Administrative Agent, Swing Line Lender, Dutch Swing Line Lender and an L/C Issuer.

RECITALS

WHEREAS, the Company, the Guarantors, the Lenders and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer entered into that certain Credit Agreement dated as of October 25, 2013 (as amended by that certain First Amendment to Credit Agreement dated as of December 30, 2013 and that certain Second Amendment to Credit Agreement dated as of June 26, 2014, the “Existing Credit Agreement”);

WHEREAS, the Borrowers have requested that the Lenders (a) amend the Existing Credit Agreement to increase the Aggregate Revolving A Commitments to \$235,000,000, (b) amend the Existing Credit Agreement to increase the Aggregate Revolving B Commitments to \$125,000,000, (c) amend the Existing Credit Agreement to extend the Maturity Date to the date that is five (5) years after the Amendment Closing Date and (d) make certain other amendments and modifications to the Existing Credit Agreement; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Existing Credit Agreement or the Amended Credit Agreement (as defined below), as the context may require.
2. Amendments. The Existing Credit Agreement is hereby amended (as so amended by this Third Amendment Agreement, the “Amended Credit Agreement”) as follows:
  - (a) The following definitions are hereby added to Section 1.01 of the Existing Credit Agreement in appropriate alphabetical order to read as follows:

“Third Amendment Effective Date” means September 29, 2014.

“Third Amendment Effective Date Disclosure Letter” means that certain disclosure letter dated as of the Third Amendment Effective Date delivered by the Loan Parties to the Administrative Agent and the Lenders.

- (b) The definition of “Aggregate Revolving A Commitments” in Section 1.01 of the Existing Credit Agreement is hereby amended to read as follows:

“Aggregate Revolving A Commitments” means the aggregate amount of the Revolving A Commitments of all the Lenders. The aggregate principal amount of the Aggregate Revolving A Commitments in effect on the Third Amendment Effective Date is TWO HUNDRED THIRTY-FIVE MILLION DOLLARS (\$235,000,000).





(c) The definition of “Aggregate Revolving B Commitments” in Section 1.01 of the Existing Credit Agreement is hereby amended to read as follows:

“Aggregate Revolving B Commitments” means the aggregate amount of the Revolving B Commitments of all the Lenders. The aggregate principal amount of the Aggregate Revolving B Commitments in effect on the Third Amendment Effective Date is ONE HUNDRED TWENTY-FIVE MILLION DOLLARS (\$125,000,000).

(d) The pricing grid in the definition of “Applicable Rate” in Section 1.01 of the Existing Credit Agreement is hereby amended to read as follows:

Pricing Tier	Consolidated Leverage Ratio	Commitment Fee	Letter of Credit Fee	Eurocurrency Rate Loans	Base Rate Loans
1	≥3.00 to 1.00	0.40%	2.50%	2.50%	1.50%
2	< 3.00 to 1.00 but ≥ 2.50 to 1.00	0.35%	2.25%	2.25%	1.25%
3	< 2.50 to 1.00 but ≥ 2.00 to 1.00	0.35%	2.00%	2.00%	1.00%
4	< 2.00 to 1.00 but ≥ 1.50 to 1.00	0.30%	1.75%	1.75%	0.75%
5	< 1.50 to 1.00 but ≥ 1.00 to 1.00	0.25%	1.50%	1.50%	0.50%
6	<1.00 to 1.00	0.20%	1.25%	1.25%	0.25%

(e) The penultimate sentence in the definition of “Applicable Rate” in Section 1.01 of the Existing Credit Agreement is hereby amended to read as follows:

The Applicable Rate in effect from the Third Amendment Effective Date to the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 7.02(b) for the fiscal period ending January 31, 2015 shall be determined based upon Pricing Tier 3.

(f) The definition of “Fee Letter” in Section 1.01 of the Existing Credit Agreement is hereby amended to read as follows:

“Fee Letter” means the letter agreement, dated as of the Third Amendment Effective Date among the Company, Bank of America and MLPFS, as amended or otherwise modified.

(g) The definition of “Loan Documents” in Section 1.01 of the Existing Credit Agreement is hereby amended to read as follows:

“Loan Documents” means this Agreement, each Note, each Issuer Document, each Joinder Agreement, the Third Amendment Effective Date Disclosure Letter, any agreement creating or perfecting rights in Cash Collateral pursuant to the provisions of Section 2.14 of this Agreement, each Auto Borrow Agreement, each Collateral Document, the Fee Letter and any other agreement or document specifically designated as a “Loan Document” (but specifically excluding Secured Swap Agreements, Secured Treasury Management Agreements

and Foreign Currency Agreements).

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(h) The definition of “Maturity Date” in Section 1.01 of the Existing Credit Agreement is hereby amended to read as follows:

“Maturity Date” means September 29, 2019.

(i) Section 8.11(a) of the Existing Credit Agreement is hereby amended to read as follows:

(a) Consolidated Leverage Ratio. Permit the Consolidated Leverage Ratio as of the end of any fiscal quarter of the Company to be greater than 3.00 to 1.0; provided, that, as of the end of each of the two (2) consecutive fiscal quarters immediately following the consummation of a Material Acquisition, the preceding ratio shall increase to 3.50 to 1.0 (“Leverage Increase Period”); provided, further, that, for at least one full fiscal quarter immediately following each Leverage Increase Period, the Consolidated Leverage Ratio as of the end of each such fiscal quarter shall be not greater than 3.00 to 1.0 before the permitted Consolidated Leverage Ratio may again increase to 3.50 to 1.0 pursuant to the immediately preceding proviso.

(j) A new Section 11.01(h) is hereby added to the Existing Credit Agreement to read as follows:

(h) Notwithstanding anything herein to the contrary, as to any amendment, amendment and restatement or other modifications otherwise approved in accordance with this Section, it shall not be necessary to obtain the consent or approval of any Lender that, upon giving effect to such amendment, amendment and restatement or other modification, would have no Commitment or outstanding Loans so long as such Lender receives payment in full of the principal of and interest accrued on each Loan made by, and all other amounts owing to, such Lender or accrued for the account of such Lender under this Agreement and the other Loan Documents at the time such amendment, amendment and restatement or other modification becomes effective.

(k) Schedule 2.01 to the Existing Credit Agreement is hereby amended to read as provided on Schedule 2.01 attached hereto.

3. Conditions Precedent. This Third Amendment Agreement shall become effective upon satisfaction of the following conditions precedent:

(a) Third Amendment Agreement Documents: Receipt by the Administrative Agent of (i) counterparts of this Third Amendment Agreement executed by the Borrowers, the Guarantors party hereto, the Required Lenders under the Existing Credit Agreement and each Lender under the Amended Credit Agreement, (ii) any Revolving A Notes and/or Revolving B Notes requested by a Lender, (iii) the Fee Letter and (iv) the Third Amendment Effective Date Disclosure Letter.

(b) Opinions of Counsel: Receipt by the Administrative Agent of favorable opinions of legal counsel, addressed to the Administrative Agent and each Lender, dated as of the Amendment Closing Date, and in form and substance satisfactory to the Administrative Agent.

(c) Organization Documents, Resolutions, Etc.: Receipt by the Administrative Agent of the following, each of which shall be originals, certified copies or facsimiles (followed promptly by originals), in form and substance reasonably satisfactory to the Administrative Agent and its legal counsel:

(i) certificates of Responsible Officers of each Loan Party certifying (x) copies of the Organization Documents of such Loan Party to be true and correct as of the Amendment Closing Date (plus the articles or certificate of incorporation or formation of each New Subsidiary will be certified to be true and correct as of a recent date by the appropriate Governmental Authority of the state or other jurisdiction of its incorporation or organization), in each case in form and substance satisfactory to the Administrative Agent or (y) that no changes, amendments or other modifications have been made to the Organization Documents of such Loan Party since the Closing Date, the Second Amendment Effective Date or the date such Loan Party became a Loan Party, as applicable;

(ii) such certificates of resolutions or other action and/or other certificates of Responsible Officers of each Loan Party as the Administrative Agent may reasonably require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible



Officer in connection with this Third Amendment Agreement and the transactions contemplated hereby;

(iii) such documents and certifications as the Administrative Agent may reasonably require to evidence that each Loan Party is duly organized, formed or incorporated, and is validly existing, in good standing (to the extent applicable) and qualified to engage in business in its state of organization, formation or incorporation, in each case in form and substance satisfactory to the Administrative Agent; and

(iv) in respect of the Dutch Borrower:

(A) an up-to-date extract from the Dutch trade register (*handelsregister*) relating to it dated no earlier than 15 Business Days prior to the Amendment Closing Date; and

(B) a copy of a resolution of its board of managing directors approving the execution of, and the terms of, and the transactions contemplated by, this Third Amendment Agreement.

(d) No Material Adverse Change. There shall not have occurred a material adverse change since October 31, 2013 in the business, assets, income, properties, liabilities (actual or contingent), operations, condition (financial or otherwise) or prospects of the Company and its Subsidiaries, taken as a whole.

(e) Litigation. There shall not exist any action, suit, investigation or proceeding pending or threatened in any court or before an arbitrator or Governmental Authority that could reasonably be expected to have a Material Adverse Effect.

(f) Closing Certificate. Receipt by the Administrative Agent of a certificate signed by a Responsible Officer of the Company certifying that (i) the conditions specified in Sections 3(d) and (e) of this Third Amendment Agreement and Sections 5.02(a) and (b) of the Amended Credit Agreement have been satisfied and (ii) the Company and its Subsidiaries (after giving effect to this Third Amendment Agreement, the transactions contemplated hereby and the incurrence of Indebtedness related thereto) are Solvent on a consolidated basis.

(g) Existing Credit Agreement. The Company shall have (or concurrently with the Credit Extensions on the Amendment Closing Date will have) prepaid any Revolving A Loans and any Revolving B Loans (and paid any additional amounts required pursuant to Section 3.05 of the Existing Credit Agreement) to the extent necessary to keep the outstanding Revolving A Loans and the outstanding Revolving B Loans ratable with the revised Revolving A Commitments or the revised Revolving B Commitments, as applicable, in each case as of the Amendment Closing Date.

(h) Real Property Collateral. Receipt by the Administrative Agent of such Real Property Security Documents as it shall require with respect to the fee interest and/or leasehold interest of any Loan Party in each real property identified as a "Mortgaged Property" on Schedule 6.20(a) to the Amended Credit Agreement.

(i) Joinder Documentation. Receipt by the Administrative Agent of Joinder Agreements executed by Wentworth Acquisition LLC, a Michigan limited liability company and Shiloh Manufacturing LLC, an Ohio limited liability company (collectively, the "New Subsidiaries") and documents of the types referred to in Sections 5.01(f) and (g) of the Amended Credit Agreement.

(j) Perfection and Priority of Liens. Receipt by the Administrative Agent of such documents and other deliverables of the type described in Section 5.01(g) of the Amended Credit Agreement as it shall require.

(k) Fees. Receipt by the Administrative Agent, the Joint Lead Arrangers and the Lenders of any fees required to be paid on or before the Amendment Closing Date.

(l) Attorney Costs. Unless waived by the Administrative Agent, the Borrowers shall have paid all reasonable fees, charges and disbursements of counsel to the Administrative Agent to the extent invoiced prior to the Amendment Closing Date.

(m) Other. Receipt by the Administrative Agent and the Lenders of such other documents, instruments, agreements and information as reasonably requested by the Administrative Agent or any Lender, including, but not limited to, information regarding litigation, tax, accounting, labor, insurance, pension liabilities (actual or contingent), real estate leases, material contracts, debt agreements, property ownership, environmental matters, contingent liabilities and management of the Company and its Subsidiaries and

information necessary to comply with applicable “know your customer” and anti-money laundering rules and regulations, including the Act.

4. New Lenders. By execution of this Third Amendment Agreement, each Person identified as a “Lender” on each signature page hereto that is not already a Lender under the Existing Credit Agreement hereby acknowledges, agrees and confirms that, by its execution of this Third Amendment Agreement, such Person shall be deemed to be a party to the Amended Credit Agreement and a “Lender” for all purposes of the Amended Credit Agreement and shall have all of the obligations of a Lender thereunder as if it had executed the Existing Credit Agreement. Such Person hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions applicable to Lenders contained in the Amended Credit Agreement.

5. Post-Closing Obligation. Within five (5) Business Days after consummation of the Acquisition described in the Third Amendment Effective Date Disclosure Letter (or such longer period as may be agreed to by the Administrative Agent in its sole discretion), deliver to the Administrative Agent a certificate of a Responsible Officer of the Company certifying that such Acquisition is a “Permitted Acquisition” (as defined in the Amended Credit Agreement). It is understood and agreed that the Company will thereafter deliver the items required by Section 7.12 and Section 7.14 of the Amended Credit Agreement within the timeframes set forth in such Sections.

6. Miscellaneous.

(a) The parties hereto agree that, on the Amendment Closing Date, the following transactions shall be deemed to occur automatically, without further action by any party hereto: (i) all Obligations under the Existing Credit Agreement outstanding on the Amendment Closing Date shall in all respects be continuing and shall be deemed to be Obligations outstanding under the Amended Credit Agreement, (ii) the Guaranties made to the Lenders, the Swap Banks and the Treasury Management Banks pursuant to the Existing Credit Agreement shall remain in full force and effect with respect to the Obligations and are hereby reaffirmed and (iii) the Collateral Documents and the Liens created in connection with the Existing Credit Agreement shall remain in full force and effect with respect to the Obligations and are hereby reaffirmed. The parties hereto further acknowledge and agree that this Third Amendment Agreement constitutes an amendment to the Existing Credit Agreement made under and in accordance with the terms of Section 11.01 of the Existing Credit Agreement.

(b) Except as expressly set forth herein, this Third Amendment Agreement shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the Lenders, the Administrative Agent, the L/C Issuers, the Swing Line Lender, the Dutch Swing Line Lender or the Lenders under the Existing Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Existing Credit Agreement or any other Loan Document, all of which, as amended, supplemented or otherwise modified hereby, are ratified and affirmed in all respects and shall continue in full force and effect. Nothing herein shall be deemed to entitle any Loan Party to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Existing Credit Agreement, the Amended Credit Agreement or any other Loan Document in similar or different circumstances. This Third Amendment Agreement shall constitute a Loan Document.

(c) On the Amendment Closing Date, (i) the revolving credit extensions under the Revolving A Tranche and Revolving A Commitments made by the Revolving A Lenders shall be re-allocated and restated among the Lenders so that, and revolving credit extensions under the Revolving A Tranche and Revolving A Commitments shall be made by the Revolving A Lenders so that, as of the Amendment Closing Date, the respective Revolving A Commitments of the Revolving A Lenders shall be as set forth on Schedule 2.01 attached hereto and (ii) the revolving credit extensions under the Revolving B Tranche and Revolving B Commitments made by the Revolving B Lenders shall be re-allocated and restated among the Lenders so that, and revolving credit extensions under the Revolving B Tranche and Revolving B Commitments shall be made by the Revolving B Lenders so that, as of the Amendment Closing Date, the respective Revolving B

Commitments of the Revolving B Lenders shall be as set forth on Schedule 2.01 attached hereto. Each party hereto hereby consents to the effectiveness of such re-allocations and restatements as assignments under the terms of Section 11.06 of the Existing Credit Agreement and agrees that each Lender's Revolving A Commitment and Revolving B Commitment shall be as set forth on Schedule 2.01 attached hereto.

(d) Each Guarantor party hereto (i) hereby acknowledges and consents to all of the terms and conditions of this Third Amendment Agreement, (ii) affirms all of its obligations under the Loan Documents and (iii) agrees that this Third Amendment Agreement and all documents executed in connection herewith do not operate to reduce or discharge its obligations under the Existing Credit Agreement, the Amended Credit Agreement or the other Loan Documents.

(e) The Borrowers and the Guarantors party hereto hereby represent and warrant as follows:

(i) Each of the Loan Parties has taken all necessary action to authorize the execution, delivery and performance of this Third Amendment Agreement.

(ii) This Third Amendment Agreement has been duly executed and delivered by the Loan Parties and constitutes each of the Loan Parties' legal, valid and binding obligations, enforceable in accordance with its terms, except as such enforceability may be subject to (A) bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting creditors' rights generally and (B) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(iii) No consent, approval, authorization or order of, or filing, registration or qualification with, any court or governmental authority or third party is required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of this Third Amendment Agreement, other than (A) those that have already been obtained and are in full force and effect, (B) filings to perfect the Liens created by the Collateral Documents, (C) those approvals, consents, exemptions, authorizations, actions, notices or filings described in the Collateral Documents and (D) those approvals, consents, exemptions, authorizations, actions, notices or filings, to the extent that the failure to obtain the same could not reasonably be expected to have a Material Adverse Effect.

(f) The Loan Parties represent and warrant to the Lenders that (i) the representations and warranties of the Loan Parties set forth in Article VI of the Amended Credit Agreement and in each other Loan Document are true and correct in all material respects (or, if any such representation or warranty is qualified by materiality or Material Adverse Effect, it shall be true and correct in all respects) as of the date hereof with the same effect as if made on and as of the date hereof, except to the extent such representations and warranties expressly relate solely to an earlier date, in which case they shall be true and correct in all material respects (or, if any such representation or warranty is qualified by materiality or Material Adverse Effect, it shall be true and correct in all respects) as of such earlier date and (ii) no event has occurred and is continuing which constitutes a Default or an Event of Default.

(g) This Third Amendment Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of this Third Amendment Agreement by telecopy or other electronic imaging means (e.g., "*pdf*" or "*tif*") shall be effective as delivery of a manually executed counterpart hereof.

(h) THIS THIRD AMENDMENT AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

[Signature pages follow]

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IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment Agreement to be duly executed as of the date first above written.

**BORROWERS:**

**SHILOH INDUSTRIES, INC.,**  
a Delaware corporation

**By:** /s/ Thomas M. Dugan  
**Name:** Thomas M. Dugan  
Vice President of Finance  
**Title:** and Treasurer

**SHILOH HOLDINGS NETHERLANDS B.V.,**  
*a besloten vennootschap met beperkte aansprakelijkheid* organized  
under the laws of the Netherlands

**By:** /s/ Ramzi Y. Hermiz  
**Name:** Ramzi Y. Hermiz  
**Title:** Director B

and

**By:** /s/ H.L. Jewitt  
**Name:** H.L. Jewitt  
**Title:** Director A

**GUARANTORS:**

**SHILOH CORPORATION,**  
an Ohio corporation

**By:** /s/ Thomas M. Dugan  
**Name:** Thomas M. Dugan  
**Title:** Vice President of Finance and Treasurer

**GREENFIELD DIE & MANUFACTURING CORP.,**  
a Michigan corporation

**By:** /s/ Thomas M. Dugan  
**Name:** Thomas M. Dugan  
**Title:** Vice President of Finance and Treasurer

**JEFFERSON BLANKING INC.,**  
a Georgia corporation



**By:** /s/ Thomas M. Dugan  
**Name:** Thomas M. Dugan  
**Title:** Vice President of Finance and Treasurer

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**SHILOH AUTOMOTIVE, INC.,**  
an Ohio corporation

**By:** /s/ Thomas M. Dugan  
**Name:** Thomas M. Dugan  
**Title:** Vice President of Finance and Treasurer

**SHILOH INDUSTRIES, INC. DICKSON  
MANUFACTURING DIVISION,**  
a Tennessee corporation

**By:** /s/ Thomas M. Dugan  
**Name:** Thomas M. Dugan  
**Title:** Vice President of Finance and Treasurer

**LIVERPOOL COIL PROCESSING, INCORPORATED,**  
an Ohio corporation

**By:** /s/ Thomas M. Dugan  
**Name:** Thomas M. Dugan  
**Title:** Vice President of Finance and Treasurer

**MEDINA BLANKING, INC.,**  
an Ohio corporation

**By:** /s/ Thomas M. Dugan  
**Name:** Thomas M. Dugan  
**Title:** Vice President of Finance and Treasurer

**THE SECTIONAL DIE COMPANY,**  
an Ohio corporation

**By:** /s/ Thomas M. Dugan  
**Name:** Thomas M. Dugan  
**Title:** Vice President of Finance and Treasurer

**SECTIONAL STAMPING, INC.,**  
an Ohio corporation

**By:** /s/ Thomas M. Dugan  
**Name:** Thomas M. Dugan  
**Title:** Vice President of Finance and Treasurer

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**SHILOH DIE CAST LLC,**  
an Ohio limited liability company

**By:** /s/ Thomas M. Dugan  
**Name:** Thomas M. Dugan  
**Title:** Treasurer

**ALBANY-CHICAGO COMPANY LLC,**  
a Wisconsin limited liability company

**By:** /s/ Thomas M. Dugan  
**Name:** Thomas M. Dugan  
**Title:** Treasurer

**SHILOH DIE CAST MIDWEST LLC,**  
an Ohio limited liability company

**By:** /s/ Thomas M. Dugan  
**Name:** Thomas M. Dugan  
**Title:** Treasurer

**SHILOH HOLDINGS INTERNATIONAL, INC.,**  
a Michigan corporation

**By:** /s/ Thomas M. Dugan  
**Name:** Thomas M. Dugan  
**Title:** Vice President of Finance and Treasurer

**FMS MAGNUM HOLDINGS LLC,**  
an Ohio limited liability company

**By:** /s/ Thomas M. Dugan  
**Name:** Thomas M. Dugan  
**Title:** Treasurer

**WENTWORTH ACQUISITION LLC,**  
a Michigan limited liability company

**By:** /s/ Thomas M. Dugan  
**Name:** Thomas M. Dugan  
**Title:** Treasurer

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**SHILOH MANUFACTURING LLC,**  
an Ohio limited liability company

**By:** /s/ Thomas M. Dugan  
**Name:** Thomas M. Dugan  
**Title:** Treasurer

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**ADMINISTRATIVE  
AGENT:**

**BANK OF AMERICA, N.A.**  
as Administrative Agent

**By:** /s/ Rosanne Parsill  
**Name:** Rosanne Parsill  
**Title:** Vice President

**LENDER:**

**BANK OF AMERICA, N.A.**  
as a Lender, Swing Line Lender: Dutch Swing Line Lender  
and L/C Issuer

**By:** /s/ Michael Mller  
**Name:** Michael Miller  
**Title:** Vice President

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ASSET PURCHASE AGREEMENT  
BY AND AMONG  
WENTWORTH ACQUISITION LLC,  
RADAR INDUSTRIES INC.  
AND  
RADAR MEXICAN INVESTMENTS, LLC

Effective as of September 30, 2014

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**TABLE OF CONTENTS**

ARTICLE I	DEFINITIONS	
1.1	Definitions	1
ARTICLE II	PURCHASE AND SALE; Closing	
2.1	Purchase and Sale	11
2.2	Excluded Assets	13
2.3	Assumed Liabilities	15
2.4	Excluded Liabilities	16
2.5	Non-Transferable Contracts and Permits	16
2.6	Purchase Price	17
2.7	Closing	21
ARTICLE III	REPRESENTATIONS AND WARRANTIES OF Seller	
3.1	Due Incorporation	23
3.2	Due Authorization	23
3.3	No Violation	24
3.4	Consents and Approvals; Governmental Authority Relative to This Agreement	25
3.5	Compliance With Laws	25
3.6	Title; Sufficiency.	25
3.7	Taxes	25
3.8	Permits and Licenses	27
3.9	Acquired Contracts	27
3.10	Insurance	27
3.11	Labor Matters	27
3.12	Non-Governmental Consents	28
3.13	Employee Benefits	29
3.14	Litigation	30
3.15	Intellectual Property	30
3.16	Employees.	30
3.17	Real Property	30
3.18	Environmental Matters	31
3.19	Brokers and Finders	33
3.20	Working Capital	33
3.21	Fraudulent Conveyance	33
3.22	Additional Severance	33
3.23	No Liabilities	33
3.24	Customers	34

3.25	Suppliers	34
3.26	Product Warranties	34
3.27	Absence of Certain Business Practices	34
3.28	Operation of the Business; Asset for Operation of the Business	35
3.29	Financial Statements	35
3.30	Absence of Changes	35
3.31	Inventory	37

---

- 3.32 Work-in-Process 37
- 3.33 Receivables..... .37
- 3.34 Computer System 37

#### ARTICLE IV REPRESENTATIONS AND WARRANTIES OF PURCHASER

- 4.1 Due Incorporation 38
- 4.2 Due Authorization 38
- 4.3 Consents and Approvals; No Violations 38
- 4.4 Available Funds 38
- 4.5 Brokers and Finders 39
- 4.6 Legal Proceedings 39
- 4.7 No Other Representations or Warranties 39

#### ARTICLE V COVENANTS

- 5.1 Preservation of Records; Post-Closing Access and Cooperation 40
- 5.2 Employees and Benefits 40
- 5.3 Confidentiality 45
- 5.4 Public Announcements 46
- 5.5 Transfer Taxes 46
- 5.6 Non-Competition 46
- 5.7 Injunctive Relief 47
- 5.8 Name Change 47
- 5.9 Baseline Environmental Assets 47
- 5.10 Fisher Litigation 48
- 5.11 Tax Returns of Mexican Entities 48
- 5.12 Written Off Receivables 49
- 5.13 Siess Severance 49
- 5.14 Palace Agreement 49

#### ARTICLE VI [INTENTIONALLY OMITTED]

#### ARTICLE VII [INTENTIONALLY OMITTED]

#### ARTICLE VIII SURVIVAL AND REMEDY; INDEMNIFICATION

- 8.1 Survival 49
- 8.2 Indemnification by Seller 50
- 8.3 Indemnification by Purchaser 50
- 8.4 Third-Party Claims 50
- 8.5 Procedure for Other Claims 52
- 8.6 Indemnification Limits 52
- 8.7 Exclusive Remedy Indemnification Limits 55

ARTICLE IX [INTENTIONALLY OMITTED]

ARTICLE X MISCELLANEOUS

- 10.1 Amendment 56
  - 10.2 Notices 56
  - 10.3 Waivers 57
  - 10.4 Electronic Delivery 57
-

10.5	Interpretation	57
10.6	Applicable Law	57
10.7	Binding Agreement	58
10.8	Assignment	58
10.9	Third Party Beneficiaries	58
10.10	Further Assurances	58
10.11	Entire Understanding	58
10.12	Jurisdiction of Disputes	58
10.13	Waiver of Jury Trial	59
10.14	Disclosure Schedule	59
10.15	Severability	60
10.16	Construction	60
10.17	Counterparts	60
10.18	Access to Books and Records	60
10.19	Litigation Assistance	61
10.20	Bulk Sales Law Waiver	61
10.21	Accounts Receivable	61
10.22	Radar Trademarks and Trade Name	61

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## ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this “Agreement”) is made effective as of September 30, 2014, by and among **Wentworth Acquisition LLC**, a Michigan limited liability company (“Purchaser”), **Radar Industries Inc.**, a Michigan corporation (“Seller”), and **Radar Mexican Investments, LLC**, a Michigan limited liability company (“Radar Mexican”). Certain capitalized terms used herein are defined in Article I.

### WITNESSETH:

WHEREAS, Seller is engaged in the conduct of the Business (as defined below) at the Facilities (as defined below);

WHEREAS, Purchaser desires to purchase from Seller, and Seller desires to sell to Purchaser, substantially all of the assets of the Business, as further provided herein and including the Mexican equity interests owned by Seller in the Mexican Entities, for the consideration and upon the terms and conditions contained in this Agreement;

WHEREAS, Radar Mexican desires to sell to Purchaser’s Nominee, as hereinafter defined, the Mexican equity interests owned by Radar Mexican in the Mexican Entities for the consideration and upon the terms and conditions contained in this Agreement;

WHEREAS, Purchaser further desires to assume from Seller, as part of the asset acquisition under this Agreement, the specifically identified Assumed Liabilities (as hereinafter defined) related to the Business;

NOW, THEREFORE, in consideration of the mutual covenants, agreements, representations and warranties contained herein, and for their mutual reliance, the parties hereto agree as follows:

#### ARTICLE I

#### ARTICLE II DEFINITIONS

• Definitions. The following terms shall have the following meanings for the purposes of this Agreement:

“Acceptance Notice” shall have the meaning set forth in Section 10.22.

“Acceptance Period” shall have the meaning set forth in Section 10.22.

“Accountant” shall have the meaning set forth in Section 2.6(c)(i).

“Accrued Union PTO” shall have the meaning set forth in Section 5.2(h).

“Acquired Contracts” shall have the meaning set forth in Section 2.1(c).

“Acquired Intellectual Property Rights” shall have the meaning set forth in Section 2.1(m).

“Acquired Inventories” shall have the meaning set forth in Section 2.1(d).

“Acquired Personal Property Leases” shall have the meaning set forth in Section 2.1(g).

“Additional Purchase Price Amount” shall mean an amount equal to the gross amount that Seller would need to receive to enable Seller to make a cash distribution to the shareholders of Seller such that the shareholders of Seller would receive a net amount of cash (after deducting any and all fees, costs, expenses and Taxes) equal to the Net Purchase Price Shortfall as calculated pursuant to Exhibit A attached hereto.

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“Affiliate” shall mean, with respect to any specified Person, any other Person which, directly or indirectly, controls, is under common control with, or is controlled by, such specified Person. The term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlled” and “controlling” have meanings correlative thereto.

“Agreement” shall mean this Agreement, including the Disclosure Schedule and all other exhibits and schedules hereto, as it and they may be amended from time to time.

“Allocation Schedule” shall have the meaning set forth in Section 2.6(d).

“Alternative Arrangements” shall have the meaning set forth in Section 8.6(b).

“Applicable Laws” shall mean all laws, statutes, orders, rules, and regulations of Governmental Authorities, and judgments, decisions or orders entered by any Governmental Authority, including those of the United States or foreign countries, applicable to Seller, the Mexican Entities and/or the Business, or the Purchaser, as applicable, including but not limited to all fraudulent transfer, fraudulent conveyance, corruption, bankruptcy laws, antitrust laws, Environmental Laws, tax laws, customs laws, securities laws, labor and employment laws, equal opportunity, health, safety and occupational laws, family medical leave laws, pension and profit sharing laws, consumer protective laws, and the FCPA.

“Assignment and Assumption Agreement” shall have the meaning set forth in Section 2.7(b)(i).

“Assumed Union Benefit Plans” shall have the meaning set forth in Section 2.1(e).

“Assumed Liabilities” shall have the meaning set forth in Section 2.3.

“BEA” shall have the meaning set forth in Section 5.9.

“Benefit Plans” shall mean (i) any “employee welfare benefit plan” or “employee pension benefit plan” (as those terms are respectively defined in Sections 3(1) and 3(2) of ERISA), other than a Multiemployer Plan; and (ii) any other retirement or deferred compensation plan, incentive compensation plan, stock plan, share appreciation right, unemployment compensation plan, vacation pay, severance pay, bonus arrangement, health benefit plan, profit-sharing plan, death or disability plan or any other fringe benefit arrangements, in each case which are sponsored or maintained by Seller and in which any Employees participate.

“Bill of Sale” shall have the meaning set forth in Section 2.7(b)(i).

“Business” shall mean the business of metal stampings and assemblies and welding motor vehicle parts, for the automotive industry, as conducted by and/or through the Seller and/or by the Mexican Entities at the Facilities, as of the Closing Date.



“Business Day” shall mean any day other than a Saturday, Sunday or other day on which banking institutions in the State of New York are authorized or required by law or other action of a Governmental Authority to close.

“Cash” shall mean the aggregate amount of cash, cash surrender value of any life insurance policies, cash equivalents, marketable securities and instruments and deposits of Seller, including checks and payments in transit and overdrafts.

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“Chrysler Excluded Receivables” shall mean all of the trade and/or accounts receivables as of the Closing Date owed by Chrysler Group LLC and/or its Affiliates to Seller and/or its Affiliates, as further set forth in Section 1.1-B of the Disclosure Schedule, in each case, other than the Written Off Receivables.

“Chrysler Payables” shall mean all of the accounts payables as of the Closing Date owed by Seller and/or its Affiliates to Chrysler Group LLC and/or its Affiliates as further set forth in Section 1.1-A of the Disclosure Schedule.

“Closing” shall mean the consummation of the transactions contemplated herein.

“Closing Balance Sheet” shall have the meaning set forth in Section 2.6(c)(i).

“Closing Date” shall mean the date of this Agreement, September 30, 2014.

“Closing Net Purchase Price” shall have the meaning set forth in Section 2.6(c)(iii).

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Collective Bargaining Agreement” shall have the meaning set forth in Section 2.1(c).

“Confidential Information” shall have the meaning set forth in Section 5.3(a).

“Contamination” or “Contaminated” shall mean the presence of Hazardous Substances in, on or under the soil, groundwater, surface water or other environmental media including, but not limited to those matters where a Response Action is required by any Governmental Authority pursuant to any Environmental Law with respect to such presence of Hazardous Substances.

“Customers” shall have the meaning given such term in Section 3.24.

“Deductible Amount” shall have the meaning given such term in Section 8.6(a)(iii).

“Disclosing Party” shall have the meaning set forth in Section 5.3(a).

“Disclosure Schedule” shall mean the Disclosure Schedule delivered by Seller and/or Radar Mexican, to Purchaser simultaneously with the execution of this Agreement.

“Dispute Notice” shall have the meaning set forth in Section 2.6(c)(i).

“Dispute Period” shall have the meaning set forth in Section 2.6(c)(i).

“Employees” shall have the meaning set forth in Section 3.16.

“Employment Offers” shall have the meaning set forth in Section 2.7(b)(x).

“Environmental Claim” means any written notice, claim, demand, action, suit, complaint,

proceeding or other written communication by any Person alleging any violation of, or liability or potential liability or violation under or relating to any Environmental Law.

“Environmental Law” shall mean any Applicable Law including but not limited to any federal, foreign, state or local statute, order, regulation or ordinance pertaining to the protection of the environment, public health, safety, natural resources, conservation or waste management and any applicable orders, judgments, directives, decrees, permits, licenses or other authorizations or mandates under such laws, each as in existence

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on the Closing Date, including but not limited to RCRA, CERCLA, OSHA, NREPA, The Clean Air Act and The Clean Water Act and all related local and state laws and all similar Mexican laws.

“Environmental Permits” shall have the meaning given such term in Section 3.18(b).

“Environmental Reports” shall have the meaning given such term in Section 3.18.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended.

“Escrow Agreement” shall have the meaning given such term in Section 2.6(a).

“Escrow Agent” shall have the meaning given such term in Section 2.6(a).

“Excluded Amount” shall have the meaning set forth in Section 8.6(a)(vii).

“Excluded Assets” shall have the meaning set forth in Section 2.2.

“Excluded Liabilities” shall have the meaning set forth in Section 2.4.

“Facilities” shall mean the Leased Real Property.

“Financial Statements” shall have the meaning set forth in Section 3.29.

“Fisher Assumed Liabilities” shall mean (a) any and all liabilities or obligations (other than attorneys’ fees, costs and expenses (and court fees, costs and expenses)) arising from the Fisher Litigation relating to matters after the Closing (including any change or adjustment to any pricing of any products or services relating thereto) and (b) fifty percent (50%) of the attorneys’ fees, costs and expenses (and court fees, costs and expenses) arising after the Closing from the Fisher Litigation.

“Fisher Excluded Liabilities” shall mean (a) any and all liabilities or obligations (other than attorneys’ fees, costs and expenses (and court fees, costs and expenses)) arising from the Fisher Litigation relating to matters on or before the Closing and (b) fifty percent (50%) of the attorneys’ fees, costs and expenses (and court fees, costs and expenses) arising from the Fisher Litigation after the Closing, and (c) one hundred percent (100%) of the attorneys’ fees, costs and expenses (and court fees, costs and expenses) arising from the Fisher Litigation on or before the Closing.

“Fisher Litigation” shall mean the case captioned as Fisher & Company, Incorporated v. Radar Industries, Inc., Case No. 2014-003362-CK filed August 27, 2014 in the Circuit Court for the County of Macomb, Michigan.

“GAAP” shall mean U.S. generally accepted accounting principles, as in effect from time to time, consistently applied by Seller in accordance with its historical practices.

“Good Funds” shall have the meaning given such term in Section 2.6(a).

“Governmental Authority” shall mean any U.S., state, local or foreign governmental,

regulatory or administrative body, agency or authority, or any court or judicial authority or arbitration tribunal, whether national, Federal, state or local or otherwise.

“Hazardous Substances” shall mean petroleum, any petroleum-based product, radon, flammable explosives, asbestos, polychlorinated biphenyls and any hazardous, toxic or radioactive substance, material or waste as such terms are defined, listed or regulated under any Environmental Law.

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“Hired Employees” shall have the meaning set forth in Section 5.2(a).

“IMSS” shall have the meaning set forth in Section 3.11(b).

“Indemnitee” shall have the meaning set forth in Section 8.4.

“Indemnitor” shall mean (a) in the case of a claim or demand for indemnification pursuant to Article VIII made by a Purchaser Indemnified Party, the Seller or (b) in the case of a claim or demand for indemnification pursuant to Article VIII made by a Seller Indemnified Party, Purchaser.

“Indemnity Escrow Account” shall have the meaning given such term in the Escrow Agreement.

“Indemnity Escrow Amount” shall have the meaning given such term in Section 2.6(a).

“INFONAVIT” shall have the meaning set forth in Section 3.11(b).

“Intellectual Property Rights” means all of the following in any jurisdiction throughout the world: (a) patents, patent applications, patent disclosures and statutory invention registrations, including reissues, provisionals, divisions, continuations, continuations in part, extensions and reexaminations thereof, all rights therein provided by international treaties or conventions; (b) trademarks, service marks, trade dress, trade names, logos (and all translations, adaptations, derivations and combinations of the foregoing) and Internet domain names, together with all goodwill associated with each of the foregoing, any and all common law rights, and registrations and applications for registration thereof, all rights therein provided by international treaties or conventions, and all reissues, extensions and renewals of any of the foregoing; (c) copyrightable works (including computer software source code, executable code, databases and related documentation and maskworks), copyrights, whether or not registered, and registrations and applications for registration thereof, and all rights therein provided by international treaties or conventions; and (d) confidential and proprietary information, including trade secrets, unpatented inventions, data and know-how.

“IP Assignment” shall have the meaning set forth in Section 2.7(b)(ii).

“Knowledge”, “Knowledge of Seller”, “Seller’s Knowledge” or any other similar knowledge qualification relating to Seller shall mean the knowledge of David Zmyslowski, Mark Zmyslowski, Edward Goethals, Brian Siess, Mike Balavich, Diane Ricevuto, Matt Shelly and Mark Vanderboor.

“Leased Real Property” shall have the meaning set forth in Section 3.17(b).

“Leased Employees” shall have the meaning set forth in Section 5.2(a).

“Leased Employee Termination Date” shall have the meaning set forth in Section 5.2(a).

“Lien” shall mean all liens, encumbrances, mortgages, charges, claims, restrictions, pledges,

security interests, title defects, options, warrants, easements, rights of way and encroachments, in each case other than Permitted Liens.

“Loss” or “Losses” shall mean any and all actually incurred out-of-pocket losses, liabilities, deficiencies, fines, costs, provable damages, penalties and reasonable and documented expenses (including incurred out-of-pocket reasonable and documented outside attorneys’ fees and expenses and litigation, settlement and judgment and interest costs), and any reasonable and documented outside counsel legal or other expenses reasonably incurred in connection with investigating or defending any claims or actions. All Losses shall be net of any other recoveries realized or to be realized by an Indemnitee and its Affiliates,

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including pursuant to Alternative Arrangements and any Tax Advantages. Losses shall not include any fees, expenses or costs of in-house counsel or other employees.

“Management Employees” shall mean the following people employed by the Purchaser on the Closing Date; David Zmyslowski and Mark Zmyslowski.

“Material Adverse Effect” shall mean a change, event or occurrence that has a material adverse effect on the financial condition or results of operations of the Mexican Entities, the Business and the Purchased Assets, taken as a whole; provided, however, that in determining whether there has been a Material Adverse Effect or whether a Material Adverse Effect could or would occur, any change, event or occurrence principally attributable to, arising out of, or resulting from any of the following shall be disregarded: (i) general economic, business, industry or credit, financial or capital market conditions (whether in the United States or internationally), including conditions affecting generally the industries served by the Business; (ii) the taking of any action required or permitted by this Agreement or the Related Agreements; (iii) the negotiation, entry into or announcement of this Agreement or pendency or consummation of the transactions contemplated hereby (including the identity of Purchaser or any of its Affiliates), (iv) the breach of this Agreement or any Related Agreement by Purchaser, (v) the taking of any action with the written approval of Purchaser, (vi) pandemics, earthquakes, tornados, hurricanes, floods and acts of God, (vii) acts of war (whether declared or not declared), sabotage, terrorism, military actions or the escalation thereof; (viii) any changes or prospective changes in Applicable Laws, regulations or accounting rules, including GAAP or interpretations thereof, or any changes or prospective changes in the interpretation or enforcement of any of the foregoing, or any changes in general legal, regulatory or political conditions; and (ix) any existing event, occurrence or circumstance with respect to which Purchaser has actual knowledge as of the Closing Date (including any matter set forth in the Disclosure Schedule).

“Material Contract” shall mean an Acquired Contract that is not terminable by Seller without penalty on notice of ninety (90) days or less pursuant to which (a) Seller is obligated to pay in excess of \$100,000 during the period beginning on the Closing Date and ending on September 30, 2015 or (b) performance is required by Seller after September 30, 2015.

“Mexican Contract” shall mean a contract to which either of the Mexican Entities is a party that is not terminable by the applicable Mexican Entity (or Mexican Entities) party thereto without penalty on notice of ninety (90) days or less pursuant to which (a) the Mexican Entities are obligated to pay in excess of \$100,000 during the period beginning on the Closing Date and ending on September 30, 2015 or (b) performance is required by the Mexican Entities after September 30, 2015.

“Mexican Entities” shall mean RSC Mexican and RST Mexican.

“Mexican Entity Equity Assignment Agreements” shall have the meaning set forth in Section 2.7(b)(vii).

“Mexican Entity Equity Interests” shall have the meaning set forth in Section 2.1(r).



“Mexican Leased Real Property” shall have the meaning set forth in Section 3.17(b).

“Mexico” shall have the meaning set forth in Section 3.1.

“Most Recent Financial Statements” shall have the meaning set forth in Section 3.29.

“Most Recent Financial Statements Date” shall have the meaning set forth in Section 3.29.

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“Multiemployer Plan” shall have the meaning set forth in Section 3(37) of ERISA.

“Net Purchase Price” shall mean the net amount of the Purchase Price (prior to any adjustment pursuant to Section 2.6(c)) that the shareholders of Seller will actually receive in cash after distribution from Seller (after deducting any and all fees, costs, expenses and Taxes) as identified and calculated pursuant to the formulas, items and methods set forth on Exhibit A attached hereto.

“Net Purchase Price Shortfall” shall mean an amount equal to the Net Purchase Price Target minus the Closing Net Purchase Price.

“Net Purchase Price Target” shall mean an amount equal to \$40,000,000.

“NREPA” shall have the meaning set forth in Section 5.9.

“Offer Notice” shall have the meaning set forth in Section 10.22.

“Open Customer Orders” shall have the meaning set forth in Section 2.1(j).

“Open Supplier Orders” shall have the meaning set forth in Section 2.1(k).

“Palace Agreement” shall mean that certain Palace Suite License Agreement, dated June 2013, by and between Seller and Glass Palace, LLC.

“Permits” and “Licenses” shall have the meaning(s) set forth in Section 2.1(h).

“Permitted Liens” shall mean (a) liens, encumbrances, mortgages, charges, claims, restrictions, pledges, security interests, title defects, options, warrants, easements, rights of way or encroachments (i) for or relating to Taxes, assessments or other governmental charges not yet due and payable or that are being contested in good faith or for which adequate accruals or reserves have been established, (ii) as reflected in title or other public records relating to real property owned or leased by the Seller, Radar Mexican or the Mexican Entities, (iii) that would be disclosed by an accurate survey or inspection, (iv) arising from or created by municipal or zoning ordinance (including zoning, building codes and other land use laws regulating the use or occupancy of real property or the activities conducted thereon, (v) arising out of work performed, services provided or materials delivered that arise in the ordinary course of business (including mechanic’s, materialmen’s, carriers’ or repairers’ liens), (vi) for or relating to tooling used in the Business, (vii) arising under original purchase price conditional sales contracts or equipment leases or other personal property leases with third parties entered into in the ordinary course of business, (viii) created or suffered (A) by Purchaser, Purchaser’s Nominee or their respective Affiliates or (B) pursuant to this Agreement, the Related Agreements or the other documents and instruments to be executed and delivered pursuant hereto, or (ix) identified in Section 2.1 of the Disclosure Schedule, (b) any non-exclusive license of Intellectual Property Rights, and/or (c) restrictions imposed by applicable securities laws.

“Person” shall mean an individual, corporation, partnership, joint venture, trust, association, estate, joint stock company, limited liability company, Governmental Authority or any other

organization of any kind.

“Pre-Closing Workers Compensation Liabilities” shall have the meaning set forth in Section 5.2(m).

“PTO Plans” shall have the meaning set forth in Section 5.2(l).

“Purchased Assets” shall have the meaning set forth in Section 2.1.

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“Purchased Equipment” shall have the meaning set forth in Section 2.1(a).

“Purchase Price” shall have the meaning set forth in Section 2.6(b).

“Purchase Price Reduction Amount” shall mean an amount equal to the net amount that the shareholders of Seller would need to refund to Purchaser so that the total net amount of the Purchase Price that the shareholders of Seller actually receive in cash after distribution from Seller (after deducting any and all fees, costs, expenses and Taxes) as calculated pursuant to the formulas and methods set forth on Exhibit A attached hereto is equal to the Net Purchase Price Target.

“Purchaser” shall have the meaning set forth in the preamble.

“Purchaser Benefit Plans” shall have the meaning given such term in Section 5.2(b).

“Purchaser Net Purchase Price Escrow Account” shall mean the “Buyer Net Purchase Price Escrow Account” as defined in the Escrow Agreement.

“Purchaser Net Purchase Price Escrow Amount” shall have the meaning set forth in Section 2.6(a).

“Purchaser Non-Union FSA” shall have the meaning given such term in Section 5.2(f).

“Purchaser Indemnified Party” or “Purchaser Indemnified Parties” shall have the meaning given such term in Section 8.2.

“Purchaser’s Nominee” shall mean Shiloh Corporation, an Ohio corporation.

“Radar Mexican” shall have the meaning set forth in the preamble.

“Radar Trademarks” shall have the meaning set forth in Section 2.2(m).

“Radar Transaction” shall have the meaning set forth in Section 10.22.

“Real Property Leases” shall have the meaning set forth in Section 2.7(b)(vi).

“Receivables” shall have the meaning set forth in Section 2.1(1).

“Receiving Party” shall have the meaning set forth in Section 5.3(a).

“Related Agreements” shall mean the Bill of Sale, the IP Assignments, the Assignment and Assumption Agreement, the Escrow Agreement, the Mexican Entity Equity Assignment Agreements, the Employment Offers, the Real Property Leases and the Transition Services Agreement.

“Remaining Purchase Price” shall have the meaning set forth in Section 2.6(b).

“Response Action” shall mean any action required to investigate, abate, remediate, remove or

mitigate any violation of Environmental Law, any Contamination of any property leased or used by the Business, including the Facilities, or any release or threatened release of Hazardous Substances including hazardous wastes and hazardous materials. Without limitation, Response Action shall include any action that meets the definition of “response” as set forth by the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. §9601(25), and/or any similar Mexican laws, as of the Closing.

“Reviewed Financial Statements” shall have the meaning set forth in Section 3.29.

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“RSC Mexican” shall mean Radar Servicios Celaya S. de R.L. de C.V.

“RST Mexican” shall mean Radar Stamping Technologies, S. de R.L. de C.V.

“SAR” shall have the meaning set forth in Section 3.11(b).

“Seller” shall have the meaning set forth in the preamble.

“Seller LOC” shall mean the letter of credit securing Seller’s liabilities or obligations with respect to workers’ compensation.

“Seller Net Purchase Price Escrow Account” shall have the meaning given such term in the Escrow Agreement.

“Seller Net Purchase Price Escrow Amount” shall have the meaning set forth in Section 2.6(a).

“Seller Non-Union FSA” shall have the meaning given such term in Section 5.2(f).

“Seller Indemnified Party” or “Seller Indemnified Parties” shall have the meaning given such term in Section 8.3.

“Special Representations and Warranties” shall have the meaning set forth in Section 8.1(b).

“Subject Employees” shall have the meaning given such term in Section 5.2(a).

“Suppliers” shall have the meaning given such term in Section 3.25.

“Tax” (and, with correlative meaning, “Taxes,” “Taxable” and “Taxing”) means any federal, state, local, or foreign income, capital gains, franchise, gross income, single business, Michigan business or other state taxes, gross receipts, sales, use, transfer, ad valorem, franchise, profits, license, capital, withholding, payroll, deferred compensation (including Code Section 409A), estimated, employment, excise, goods and services, severance, stamp, occupation, premium, property, social security, environmental (including Code Section 59A), alternative or add-on, value added, registration, windfall profits or other taxes, duties, charges, fees, levies or other assessments imposed by any Governmental Authority, and any interest, penalties, or additions to Tax incurred under Applicable Laws with respect to Taxes, including all similar Mexican Taxes.

“Tax Advantage” shall mean the value of any Tax refund, credit or reduction in Tax payments, including any interest payable thereon; provided, that with respect to any such Tax refund, credit or reduction that is realized over more than one Taxable year, the value of such Tax refund, credit or reduction shall be the present value of such refund, credit or reduction, which present value shall be computed as of the first date on which the right to the refund, credit or other reduction arises or is reasonably estimated to be actually utilized, (i) using the Tax rate applicable to the highest level of income with respect to such Tax under applicable Tax laws on such date and (ii) using an interest rate equal to the appropriate “applicable federal rate” as defined in Section 1274(d) of the Code on such

date.

“Tax Returns” shall mean any report, return (including any information return), declaration or other filing required or permitted to be supplied to any Taxing authority or jurisdiction with respect to Taxes, including any amendments or attachments to such reports, returns, declarations or other filings.

“Territory” shall have the meaning given such term in Section 5.6(a).

“Third Party Claim” shall have the meaning set forth in Section 8.4.

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“Threshold Amount” shall have the meaning given such term in Section 8.6(a)(ii).

“Transaction Expenses” shall mean any and all costs and/or expenses of the Seller, its shareholders and/or Affiliates incurred on or prior to the Closing in connection with the transactions contemplated hereby, including without limitation (a) all attorneys’ fees and expenses, all accountants fees and expenses, all broker(s) fees and expenses, and all consultants fees and expenses, in each case, of the Seller, its shareholders and/or Affiliates incurred on or prior to the Closing in connection with the transactions contemplated hereby, (b) non-recurring shareholder expenses or incentive compensation of the Seller incurred on or prior to the Closing in connection with the transactions contemplated hereby and (c) any transaction bonuses of the Seller incurred on or prior to the Closing in connection with the transactions contemplated hereby.

“Transaction Period” shall have the meaning set forth in Section 10.22.

“Transition Services Agreement” shall have the meaning set forth in Section 2.7(b)(v).

“Union Employees” shall have the meaning given such term in Section 5.2(a).

“WARN Act” shall mean the Worker Adjustment and Retraining Notification Act of 1988, as amended, and any applicable similar state law.

“Written Off Receivables” shall mean the trade and/or accounts receivables as of the Closing Date owed to Seller and/or its Affiliates that are specifically set forth in Section 1.1-C of the Disclosure Schedule (which have been written off as uncollectible by Seller).

## ARTICLE II

### PURCHASE AND SALE; Closing

2.1 Purchase and Sale. Upon the terms and subject to the conditions set forth in this Agreement, including Section 2.6 hereof, at the Closing, Seller, (and Radar Mexican solely for purposes of Section 2.1(r)) shall sell, convey, transfer, assign and deliver to Purchaser (and Purchaser’s Nominee solely for purposes of Section 2.1(r)), and Purchaser (and Purchaser’s Nominee solely for purposes of Section 2.1(r)), shall purchase and accept from Seller (and, as applicable, Radar Mexican solely for purposes of Section 2.1(r)), all of Seller’s (and Radar Mexican’s solely for purposes of Section 2.1(r)) rights, titles and interests in and to all of the following assets of the Business, except to the extent that the same are Excluded Assets (collectively, the “Purchased Assets”), free and clear of all Liens other than Permitted Liens:

(a) all machinery, production equipment, testing equipment, furniture, fixtures, office furnishings, cranes, tools, jigs, and dies, molds, fixtures and parts (including all of those in process or progress), capital spares, vehicles, computer hardware and software, and other tangible personal property owned by Seller currently used in operations of the Business at the Facilities or elsewhere, which includes, without limitation, all of the tangible personal property identified in Section 2.1(a) of the Disclosure Schedule; (collectively, the “Purchased Equipment”);



(b) to the extent assignable, all rights in all warranties of any manufacturer or vendor in connection with the Purchased Equipment and/or Purchased Assets and/or the assets of the Mexican Entities (to the extent such rights are owned by Seller);

(c) all written contracts, agreements, licenses, purchase orders, customer orders, utility supply arrangements, and other contracts and agreements to which the Seller is a party for the operation of the Business which were entered into in the ordinary course of business or are set forth in Section 2.1(c) of the Disclosure Schedule, including the current collective bargaining agreement dated as of April 1, 2011, as

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amended by and between International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers Shopmen's Local Union No. 508 and the Seller (the "Collective Bargaining Agreement") (all such contracts, agreements, licenses, purchase orders, customer orders and utility supply arrangements described in this Section 2.1(c) (including those identified in Section 2.1(c) of the Disclosure Schedule and the Collective Bargaining Agreement), collectively, the "Acquired Contracts");

(d) all inventories of raw materials, work in process, finished goods, parts, office supplies, packing materials, janitorial supplies and other supplies owned by Seller and used in connection with the Business at the Facilities wherever located (collectively, "Acquired Inventories");

(e) all the Union Benefit Plans and all related insurance policies, 401(k) contributions/accounts, and/or health reimbursement contributions/accounts, with respect thereto (to the extent such insurance policies contributions or accounts are separate from the policies covering non-union benefits), including flexible spending accounts, health reimbursement arrangement plan accounts and all Union related assets identified in Section 2.1(e) of the Disclosure Schedule (collectively, the "Assumed Union Benefit Plans");

(f) all supplier and/or vendor deposits, if any, made by the Seller relating to the Business; including any customer deposits or tooling deposits not spent on related vendors or suppliers related to such customer deposits or tooling deposits;

(g) all leasehold rights in personal property leased by Seller and used exclusively in connection with the Business at the Facilities, including those identified in Section 2.1(g) of the Disclosure Schedule (the "Acquired Personal Property Leases");

(h) to the extent assignable or transferable, all the permits, including Environmental permits, licenses, approvals, franchises and registrations and other governmental licenses, Permits or approvals issued to Seller with respect to the operation of the Facilities or the conduct of the Business at the Facilities, including those identified in Section 2.1(h) of the Disclosure Schedule (collectively, the "Permits" and "Licenses");

(i) other than as prohibited by Applicable Law, all books and records of Seller maintained at the Facilities or elsewhere, including electronically, which are related primarily to the Business, including without limitation, Business records, purchasing records, customer and supplier lists and files, production and inventory records, sales records, marketing, promotional and/or product literature, engineering and prototype drawings of machinery, equipment and parts currently used or held for use in connection with the Business; blueprints and other technical papers; user manuals; inventory, maintenance, and asset history records; construction plans and specifications; administrative libraries; environmental records required by Applicable Law or regulation; and systems documentation and other data processing information and records, except, in each instance, to the extent they relate to the Excluded Assets;

(j) to the extent not fulfilled prior to Closing, all open orders or new orders issued by the customers of Seller or the Business for goods or services provided by the Business outstanding as of the Closing Date, including those identified in Section 2.1(j) of the Disclosure Schedule (collectively, the "Open Customer Orders");

(k) the right to receive all goods or services to be provided to Seller in connection with the Business at the Facilities, including all deposits made by Seller with third parties for open orders for goods and services with suppliers that remain unfulfilled as of the Closing date, including those identified in Section 2.1(k) of the Disclosure Schedule (collectively, the "Open Supplier Orders");

(l) except for the Chrysler Excluded Receivables, all receivables of Seller related to the Business, including the Written Off Receivables and/or any and all receivables related to the products produced at the Facilities on or before the Closing Date (and receivables from Employees other than shareholders), including those identified in Section 2.1(l) of the Disclosure Schedule (collectively, the "Receivables");

(m) except for the Radar Trademarks, all Intellectual Property Rights owned by the Seller and used in the Business at the Facilities, including but not limited to those identified in Section 2.1(m) of the Disclosure Schedule (collectively, the "Acquired Intellectual Property Rights");

(n) all employee-related files and records for Hired Employees at the Facilities, including occupational health and safety records, assessments and audits; industrial hygiene files; workers

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compensation records; workers compensation claims files; statutory files and personnel employment and medical records, in each case, to the extent the transfer thereof is not prohibited by Applicable Law;

(o) all telephone numbers of Seller, including 800 or other toll-free numbers, related to the Business;

(p) all of the other tangible and intangible property that is owned by Seller and used for or in the Business at the Facilities, other than Excluded Assets and all other tangible and intangible property located anywhere, including Mexico, that is owned by the Seller and used for the Business, other than Excluded Assets;

(q) all goodwill of the Business and/or the Seller related to the Business; and

(r) all right, title and interest in all of the fixed, variable or other special equity interests or capital stock issued by the Mexican Entities owned by Seller or Radar Mexican (collectively, the “Mexican Entity Equity Interests”) and, as a result of the transfer of all of the Mexican Entity Equity Interests (and not as a separate transfer or assignment), all applicable assets identified above in (a) through (q) owned by the Mexican Entities.

2.2 Excluded Assets. Notwithstanding anything to the contrary contained in this Agreement, the following assets are being retained by Seller (or Radar Mexican, as applicable) and are not being sold, assigned, transferred or conveyed to Purchaser by Seller (or Radar Mexican) hereunder (collectively, the “Excluded Assets”):

(s) all claims, including, but not limited to, commercial claims of Seller (or Radar Mexican) against third parties and all rights to any action, suit or claim of any nature available to or being pursued by Seller (or Radar Mexican), whether arising by way of counterclaim or otherwise, including but not limited to, any such claims arising out of Seller’s (or Radar Mexican’s) conduct of the Business at the Facilities or elsewhere on or before the Closing Date, including any rights of Seller (or Radar Mexican) in any legal proceedings relating to any Excluded Asset or Excluded Liabilities (including but not limited to, the insurance policies and rights related thereto), and any indemnification rights of Seller (or Radar Mexican) relating thereto;

(t) except for those of the Mexican Entities, the corporate seals, organizational documents, minute books, stock books, Tax Returns, books of account and other records having to do with the corporate organization of Seller (or Radar Mexican) and any other books and records which Seller (or Radar Mexican) is prohibited from disclosing or transferring to Purchaser under Applicable Law or is required by Applicable Law to retain;

(u) except for those of the Mexican Entities, the basic books and records of account and all supporting vouchers, invoices and other records and materials relating to any or all Taxes of Seller, its shareholders, the Business or Radar Mexican or its members;

(v) except for those of the Mexican Entities, all Tax assets (including duty and Tax refunds and prepayments) of Seller or any of its Affiliates (or Radar Mexican or any of its Affiliates), including all claims for refunds due to Seller or its Affiliates or shareholders (or Radar Mexican or its Affiliates or members) for Taxes of any nature paid by Seller or its Affiliates or shareholders (or Radar Mexican or its Affiliates or members) with respect to any period ending on or prior to the Closing Date;

(w) all insurance policies and performance bonds held or owned by Seller (or Radar Mexican), including those covering the Purchased Assets, the Facilities or the Business, and any and all rights and claims arising from such bonds or policies or proceeds received from such bonds or policies (whether prior to, on or after Closing), including all insurance proceeds arising in connection with property damage to the Purchased Assets;

(x) except for the Assumed Union Benefit Plans, all the Benefit Plans related to the non-union employees of the Seller and all related assets, including but not limited to Seller’s profit sharing and 401(k) plans related to its non-union employees;



- (y) except for customer deposits or tooling deposits not spent on related vendors or suppliers related to such customer deposits or tooling deposits, which are being transferred to Purchaser hereunder, all Cash, third party deposits, certificates of deposit and similar cash equivalents or investments or accounts of (or held by) Seller (or Radar Mexican), whether on hand or in the banks or other depositories; including the cash surrender value under any life insurance policies owned by the Seller (or Radar Mexican) or bank accounts of Seller (or Radar Mexican);
- (z) except for those of the Mexican Entities, all data files, archive files, systems documentation and other data processing information and records relating to any of the foregoing Excluded Assets;
- (aa) the assets, properties and rights specifically set forth in Section 2.2(i) of the Disclosure Schedule;
- (ab) the rights which accrue or will accrue to Seller (or Radar Mexican) under this Agreement and/or the Related Agreements;
- (ac) any rights, claims, causes of action, documents, books or records related to Excluded Assets;
- (ad) all claims of Seller (or Radar Mexican) that are not related to the ongoing operation of the Business at the Facilities, including, without limitation all potential claims against directors, officers and shareholders;
- (ae) the Seller's name (or Radar Mexican's name) and/or any registered and/or common law trademarks and tradenames utilizing the Seller's name (or Radar Mexican's name) (collectively, the "Radar Trademarks"); and
- (af) the Chrysler Excluded Receivables.

2.3 Assumed Liabilities. Although not a "successor" to the Seller, upon the terms and conditions contained in this Agreement, Purchaser shall assume and be liable and responsible for paying, performing, discharging and satisfying when due (and Purchaser shall pay, perform, discharge and satisfy when due) the following specifically identified liabilities and obligations (collectively, the "Assumed Liabilities"):

- (a) all liabilities or obligations incurred or arising after the Closing, in connection with or from the use of the Purchased Assets or operation of the Business by Purchaser;
- (b) all liabilities or obligations incurred or arising from any actions taken by Purchaser after the Closing with respect to Hired Employees or the operation of the Business conducted at the Facilities or elsewhere;
- (c) all liabilities or obligations of Seller or the Mexican Entities under or pursuant to Open Customer Orders (including those identified in Section 2.3(c) of the Disclosure Schedule), including any customer or other deposits relating thereto, or Open Supplier Orders (in each case, whether such liabilities or obligations arise, accrue or are incurred prior to, on or after the Closing);
- (d) except for the Chrysler Payables, all working capital amounts payable by Seller outstanding as of Closing, but only to the extent (A) specifically identified in Section 2.3(d) of the Disclosure Schedule or (B) incurred in the ordinary course of business, including amounts payable that have been incurred in the ordinary course of business related to any Purchased Assets or any assets that will be delivered after Closing pursuant to Open Supplier Orders (including payables arising from goods or services provided to the Seller in the ordinary course of business);
- (e) all liabilities or obligations relating to, in respect of or arising under the Acquired Contracts, the Acquired Personal Property Leases, the Permits and Licenses, the Collective Bargaining Agreement or the Assumed Union Benefit Plans (in each case, whether such liabilities or obligations arise, accrue or are incurred prior to, on or after the Closing);
- (f) all liabilities or obligations relating to, in respect of or arising under warranties for or

relating to any products or services sold or provided by Seller or the Business during the five (5) year period ending

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on the Closing Date (in each case, whether such liabilities or obligations arise, accrue or are incurred prior to, on or after the Closing);

(g) all liabilities or obligations under the WARN Act, similar state or federal statutes or otherwise as a result of the termination of (i) any of the Hired Employees by Purchaser or (ii) any employees of Seller in accordance with this Agreement or the Transition Services Agreement;

(h) all liabilities or obligations for (i) Taxes relating to the Business, the Purchased Assets or the Assumed Liabilities for any taxable period starting after the Closing Date (or, in the case of a taxable period that begins before and ends after the Closing Date, the portion of such taxable period that begins after the Closing Date) and (ii) Taxes for which Purchaser is liable pursuant to this Agreement (including all accrued non-income Taxes) or any of the Related Agreements;

(i)

(a) except for the Chrysler Payables, all liabilities or obligations under or associated with the Chrysler Scrap Resale Program (whether such liabilities or obligations arise, accrue or are incurred prior to, on or after the Closing);

(b) the Fisher Assumed Liabilities; and

(c) all liabilities or obligations (i) expressly and specifically identified in Section 2.3(k) of the Disclosure Schedule or (ii) specifically assumed by Purchaser under or pursuant to the terms of this Agreement (including Section 5.2), the Related Agreements or any of the documents and agreements executed in connection with the Closing.

2.4 Excluded Liabilities. Purchaser shall not assume or become responsible by operation of this Agreement or otherwise for any of Seller's (or any Affiliate of Seller other than the Mexican Entities) or their shareholders' duties, obligations, debts, or liabilities, whether related to the Business, the Purchased Assets, Seller's operations, Taxes, Seller's employees, Seller's or its Affiliate's (other than the Mexican Entities) obligations, Seller's other businesses or otherwise, related party and/or shareholder liabilities and/or obligations, bank debt, the Chrysler Payables, the Fisher Excluded Liabilities, any and all Transaction Expenses, financing debt, whether secured, unsecured, funded, unfunded, contingent, known or unknown, including any obligations or liabilities relating to any acts or omissions by Seller or its Affiliates on or before the Closing, and any obligations and liabilities in respect to Seller or its Affiliates on or before the Closing and claims relating to the ownership, use or operation of the Business and/or Purchased Assets by Seller on or prior to the Closing Date, in each case, other than those classified and identified specifically as Assumed Liabilities or as otherwise specifically identified and provided in this Agreement (the "Excluded Liabilities") and Seller or its Affiliates or their shareholders, as applicable, shall remain fully and solely liable and responsible for all such Excluded Liabilities without any liability or responsibility of, or recourse to, Purchaser or any of its Affiliates.

2.5 Non-Transferable Contracts and Permits. The Closing shall not be conditioned on any notice being provided to, or the receipt of any consent or approval from, any Governmental Authority or other third party. Anything in this Agreement to the contrary notwithstanding, this Agreement shall not constitute an agreement to sell, assign or transfer any Acquired Contract, Acquired Personal Property Lease or any of the Permits or Licenses or Assumed Union Benefit Plans, or any claim or right or any benefit or obligation thereunder or resulting therefrom if a sale, assignment or transfer thereof (or attempted sale, assignment or transfer thereof) is prohibited or, without the consent or approval of a Governmental Authority or other third party, would constitute a breach or violation thereof or is otherwise prohibited and such consent or approval has not been obtained as of the



Closing; provided, however, that the Closing shall occur notwithstanding the foregoing without any adjustment to the Purchase Price on account thereof. If such consent or approval is required and has not been obtained as of the Closing or if an attempted assignment or transfer is ineffective or prohibited as of the Closing, Seller and Purchaser shall use their commercially reasonable efforts to cooperate with each other in any reasonable arrangement requested and approved by

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Purchaser and Seller, to provide for Purchaser the benefits under any such Acquired Contract, Acquired Personal Property Lease, Assumed Union Benefit Plans, or any such Permit or License; provided, however, that Seller shall not be required to (i) incur any expense or pay any consideration or incur or become subject to any additional liability in connection with any such arrangement or (ii) enter into any arrangement (or use any efforts to enter into any arrangement) with respect to the Collective Bargaining Agreement. In connection with any such arrangement, (A) Purchaser shall bear the expense of structuring and implementing the arrangement, (B) Purchaser shall honor Seller's commitments under any such Acquired Contract, Acquired Personal Property Lease, Assumed Union Benefit Plans, or Permit or License, and (C) as provided herein, all liabilities or obligations under any such Acquired Contract, Acquired Personal Property Lease, Assumed Union Benefit Plans, or Permit or License shall be Assumed Liabilities hereunder (and Purchaser shall assume and be liable and responsible for paying, performing, discharging and satisfying when due all such above liabilities or obligations).

## 2.6 Purchase Price.

(a) On the Closing Date, (i) Purchaser shall deposit, via intrabank transfer, into the Indemnity Escrow Account, pursuant to the terms of an escrow agreement between the Seller and the Purchaser in the form attached hereto as Exhibit B (the "Escrow Agreement"), with The PrivateBank and Trust Company, as escrow agent (the "Escrow Agent"), an amount equal to \$4,500,000 (the "Indemnity Escrow Amount") in immediately available, good funds free of costs and charges (funds delivered in this manner are referred to herein as "Good Funds"), pursuant to the terms and conditions provided in the Escrow Agreement to be delivered to the Escrow Agent on or before the Closing Date, (ii) Purchaser shall deposit, via intrabank transfer, into the Seller Net Purchase Price Escrow Account, pursuant to the terms of the Escrow Agreement, an amount equal to \$1,000,000 (the "Seller Net Purchase Price Escrow Amount") from the Purchase Price in immediately available Good Funds, pursuant to the terms and conditions provided in the Escrow Agreement, and (iii) Purchaser shall deposit, via intrabank transfer, into the Purchaser Net Purchase Price Escrow Account, pursuant to the terms of the Escrow Agreement, an amount equal to \$1,000,000 (the "Purchaser Net Purchase Price Escrow Amount") in immediately available Good Funds, pursuant to the terms and conditions provided in the Escrow Agreement. In turn, the Escrow Agent shall immediately (i) deposit the Indemnity Escrow Amount into the Indemnity Escrow Account as provided in the Escrow Agreement, (ii) deposit the Seller Net Purchase Price Escrow Amount into the Seller Net Purchase Price Escrow Account as provided in the Escrow Agreement, and (iii) deposit the Purchaser Net Purchase Price Escrow Amount into the Purchaser Net Purchase Price Escrow Account as provided in the Escrow Agreement.

(b) Further, on the Closing Date, Purchaser shall pay and deliver, in Good Funds via wire transfer to account(s) designated in writing by Seller, the balance of the Purchase Price to Seller (and/or directly to Seller's secured and/or lien creditors (or shareholders under any shareholder loans to the Seller or any Affiliate), in each case as directed in writing by Seller, as applicable, to release any and all Liens against the Purchased Assets, including the assets of the Mexican Entities), which balance amount (after taking into account the Indemnity Escrow Amount and Seller Net Purchase Price Escrow Amount identified in Section 2.6(a) above) shall be \$51,373,780 ("Remaining Purchase Price"), which Remaining Purchase Price together with the Indemnity Escrow Amount and the Seller Net Purchase Price Escrow Amount shall be the "Purchase Price", subject however to adjustment as provided in Section 2.6(c) below.

(c) Net Purchase Price Adjustment. The Purchase Price shall be adjusted as follows:

(i) As soon as practicable after the Closing Date, but in any event not more than three (3) months following the Closing Date, Purchaser shall, in cooperation with the Seller,

prepare and deliver to the Seller a consolidated balance sheet of Seller and the Mexican Entities as of the close of business on the Closing Date (the "Closing Balance Sheet") and a calculation of the actual Net Purchase Price based thereon (as calculated in accordance with Exhibit A attached hereto) (and the resulting Additional Purchase Price Amount or Purchase Price Reduction Amount, as applicable).

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The Closing Balance Sheet shall be prepared in accordance with GAAP consistently applied and in the same manner as by Seller in accordance with its historical practices, using the same methodologies, reserve criteria, policies, and accompanying conservatism or liberalism, as used by Seller in accordance with its historical practices. If the Seller disputes the Closing Balance Sheet or the Net Purchase Price (or the resulting Additional Purchase Price Amount or Purchase Price Reduction Amount, as applicable) determined by the Purchaser, then the Seller shall deliver to Purchaser a written statement (the "Dispute Notice") describing with reasonable detail (to the extent then known) the basis for any such dispute within fifteen (15) Business Days after Seller receives the Closing Balance Sheet and Purchaser's calculation of the Net Purchase Price (and the resulting Additional Purchase Price Amount or Purchase Price Reduction Amount, as applicable) from Purchaser (such period, the "Dispute Period"). If the Seller does not deliver the Dispute Notice to Purchaser within such Dispute Period, then the determination of the Net Purchase Price (and the resulting Additional Purchase Price Amount or Purchase Price Reduction Amount, as applicable) delivered by Purchaser to Seller shall be deemed final and accepted by the Seller. Purchaser and the Seller will use reasonable efforts to resolve any such dispute regarding the Closing Balance Sheet and/or the Net Purchase Price (and the resulting Additional Purchase Price Amount or Purchase Price Reduction Amount, as applicable) themselves. If such dispute is not finally resolved within fifteen (15) Business Days after Purchaser's receipt of the Dispute Notice, Purchaser and Seller shall thereafter cause BDO USA, LLP or another mutually acceptable third party accounting firm (the "Accountant") to promptly review this Agreement and resolve only the disputed items or amounts (acting as an expert and not an arbitrator) in determining the Net Purchase Price (and the resulting Additional Purchase Price Amount or Purchase Price Reduction Amount, as applicable) in accordance with this Agreement (including this Section 2.6(c)) and Purchaser and the Seller shall enter into an engagement letter with the Accountant for such purpose, including customary indemnity and other provisions. Within five (5) Business Days after submission to the Accountant for resolution, Purchaser and the Seller shall each indicate in writing their position on each disputed matter and each such party's determination of the amount of the Net Purchase Price (and the resulting Additional Purchase Price Amount or Purchase Price Reduction Amount, as applicable). Purchaser and the Seller shall use reasonable efforts to cause the Accountant to make a written determination on each disputed matter (which determination shall not be a value greater than the greatest value for such disputed matter claimed by either Purchaser or the Seller nor smaller than the smallest value for such disputed matter claimed by either Purchaser or the Seller) and the amount of the Net Purchase Price (and the resulting Additional Purchase Price Amount or Purchase Price Reduction Amount, as applicable) no later than fourteen (14) Business Days after submission to the Accountant for resolution and such determination will be conclusive and binding upon Purchaser and the Seller with respect to such disputed matters and the amount of the Net Purchase Price (and the resulting Additional Purchase Price Amount or Purchase Price Reduction Amount, as applicable). Any related costs and expenses of the Accountant shall be borne pro rata between Purchaser, on the one hand, and the Seller, on the other hand, in proportion to the final allocation made by the Accountant of the disputed matters submitted to the Accountant in relation to the claims made by Purchaser and Seller, such that the prevailing party pays the lesser proportion of such costs and expenses. Without limiting the foregoing, each of Purchaser and Seller will indemnify and hold each other harmless from the other party's failure to pay its portion of the fees and expenses of the Accountant in accordance with this Section 2.6(c).

(ii) Purchaser shall provide the Seller and its accountants and other representatives access to the books, records and materials used in Purchaser's preparation or calculation of the Closing Balance Sheet or the Net Purchase Price (and the resulting Additional Purchase Price Amount or Purchase Price Reduction Amount, as applicable) and shall make its financial staff and advisors available to the Seller and its accountants and other representatives and to the Accountant at any reasonable time during the period beginning on

the Closing Date and ending when the Closing Net

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Purchase Price (and the resulting Additional Purchase Price Amount or Purchase Price Reduction Amount, as applicable) is finally determined pursuant to this Section 2.6(c), including during (A) the review by the Seller of the preparation, calculation or content of the Closing Balance Sheet or the Net Purchase Price (and the resulting Additional Purchase Price Amount or Purchase Price Reduction Amount, as applicable) and (B) the resolution by Purchaser and the Seller and/or the Accountant of any objections thereto. Until the Closing Net Purchase Price (and the resulting Additional Purchase Price Amount or Purchase Price Reduction Amount, as applicable) is finally determined pursuant to this Section 2.6(c), Purchaser shall not take (and Purchaser shall cause its Affiliates (including the Mexican Entities), employees and representatives not to take) any action(s) with respect to the books or records relating to any of the Purchased Assets, the Assumed Liabilities, the Business or the Mexican Entities (or the books, records, policies or procedures of Purchaser or any of its Affiliates (including the Mexican Entities)) that would obstruct, prevent or interfere with the review, evaluation or calculation of the Closing Balance Sheet or the Net Purchase Price (and the resulting Additional Purchase Price Amount or Purchase Price Reduction Amount, as applicable) or the review or evaluation of any of the books, records or materials used in the preparation or calculation of the Closing Balance Sheet or the Net Purchase Price (and the resulting Additional Purchase Price Amount or Purchase Price Reduction Amount, as applicable) or any dispute relating thereto.

(iii) If the amount of the Net Purchase Price as finally determined pursuant to this Section 2.6(c) (the “Closing Net Purchase Price”) is less than the Net Purchase Price Target, then, within three (3) Business Days after the determination of the Closing Net Purchase Price (and the resulting Additional Purchase Price Amount) pursuant to this Section 2.6(c), Purchaser and Seller shall jointly instruct the Escrow Agent to (A) pay to Seller, by wire transfer of immediately available funds, an amount equal to the amount in the Seller Net Purchase Price Escrow Account, (B) pay to Seller, by wire transfer of immediately available funds, an amount equal to the Additional Purchase Price Amount from the Purchaser Net Purchase Price Escrow Account (up to the amount remaining in the Purchaser Net Purchase Price Escrow Account) and (C) if applicable, pay to Purchaser, by wire transfer of immediately available funds, the balance, if any, remaining in the Purchaser Net Purchase Price Escrow Account after paying Seller the Additional Purchase Price Amount from the Purchaser Net Purchase Price Escrow Account pursuant to the foregoing subclause (B). For the avoidance of doubt, the maximum amount that may be paid to Seller pursuant to subclause (B) of this Section 2.6(c)(iii) is the amount remaining in the Purchaser Net Purchase Price Escrow Account.

(iv) If the amount of the Closing Net Purchase Price is greater than the Net Purchase Price Target, then, within three (3) Business Days after the determination of the Closing Net Purchase Price (and the resulting Purchase Price Reduction Amount) pursuant to this Section 2.6(c), Purchaser and Seller shall jointly instruct the Escrow Agent to (A) pay to Purchaser, by wire transfer of immediately available funds, an amount equal to the amount in the Purchaser Net Purchase Price Escrow Account, (B) pay to Purchaser, by wire transfer of immediately available funds, an amount equal to the Purchase Price Reduction Amount from the Seller Net Purchase Price Escrow Account (up to the amount remaining in the Seller Net Purchase Price Escrow Account), and (C) if applicable, pay to Seller, by wire transfer of immediately available funds, the balance, if any, remaining in the Seller Net Purchase Price Escrow Account after paying Purchaser the Purchase Price Reduction Amount from the Seller Net Purchase Price Escrow Account pursuant to the foregoing subclause (B). For the avoidance of doubt, the maximum amount that may be paid to Purchaser pursuant to subclause (B) of this Section 2.6(c)(iv) is the amount remaining in the Seller Net Purchase Price Escrow Account.

(d) Purchase Price Allocation. The Purchase Price (including any Assumed Liabilities treated as consideration for the Purchased Assets for Tax purposes shall be allocated among the

Purchased Assets and the assets attributable to the Mexican Entities (including goodwill) in accordance with the principles set forth on Exhibit C attached hereto (the "Allocation Schedule"). Within one hundred twenty (120) days following the determination of the Closing Net Purchase Price (and the resulting Additional Purchase Price

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Amount or Purchase Price Reduction Amount, as applicable) pursuant to Section 2.6(c), Purchaser shall prepare and deliver a draft of its Form 8594, completed in a manner consistent with the Allocation Schedule, to Seller. Seller shall have thirty (30) days thereafter to review and give notice to Purchaser of any objections with respect to such form. If Seller raises any such objections, the parties shall exercise good faith efforts to resolve those objections. Seller, Radar Mexican and Purchaser acknowledge that the allocation of the Purchase Price in accordance with in the Allocation Schedule shall be binding upon the parties for all applicable federal, state, local and foreign tax purposes. Seller, Radar Mexican and Purchaser shall file their respective IRS Forms 8594 and all federal, state and local Tax Returns in accordance with the Allocation Schedule. Seller, Radar Mexican and Purchaser covenant to report gain or loss or cost basis, as the case may be, in a manner consistent with the Allocation Schedule; (ii) not to voluntarily take any position inconsistent therewith in any proceeding relating to such returns; and (iii) to use commercially reasonable efforts to sustain such allocation in any subsequent Tax audit or Tax dispute.

## 2.7 Closing.

(e) The Closing shall take place at the offices of Wegman, Hessler & Vanderburg, 6055 Rockside Woods Boulevard, Suite 200, Cleveland, Ohio 44131 or remotely by mail, telecopier, e-mail and/or wire transfer in each case to the extent reasonably acceptable to the parties hereto, at 11:59 P.M. Eastern time on the Closing Date. The Closing shall become effective as of 11:59 P.M. Eastern time on the Closing Date.

(f) At the Closing, Seller shall deliver, or cause to be delivered, the following to Purchaser:

(i) a bill of sale and assignment and assumption agreement in the forms attached hereto as Exhibits D-1 and D-2, as applicable (the “Bill of Sale”), and (the “Assignment and Assumption Agreement”) duly executed by Seller as applicable;

(ii) an assignment of the Acquired Intellectual Property Rights in the form attached hereto as Exhibit E (the “IP Assignment”);

(iii) certificate of good standing of Seller and Radar Mexican from the Secretary of State of the State of Michigan;

(iv) certified resolutions from the shareholders and directors of Seller and the sole member of Radar Mexican approving this Agreement and the transactions hereunder;

(v) a transition services agreement in the form attached hereto as Exhibit F (the “Transition Services Agreement”), duly executed by Seller;

(vi) real property leases, duly executed by the applicable lessors in the forms attached hereto as Exhibits G-1, G-2 and G-3, as applicable, by and between Purchaser (as lessee), on the one hand, and the lessors named therein, on the other hand (the “Real Property Leases”);

(vii) (a) the Mexican Entity Equity Interests and all equity certificates, if any, and ownership rights related thereto, endorsed as applicable, (b) duly executed equity interests’ assignment agreements substantially in the terms of the forms attached hereto as Exhibit H (the “Mexican Entity Equity Assignment Agreements”), (c) an original of partner’s resolutions of each of the Mexican Entities authorizing (1) the sale, assignment, transfer and delivery of the Mexican Entity Equity Interests by Seller and Radar Mexican in favor of Purchaser and Purchaser’s Nominee, (2) to execute perform and deliver the Mexican Entity Equity Assignment Agreements, and (3) stating the express waiver from Seller and Radar Mexican to any preemptive or preferential right to acquire each others Mexican Entity Equity Interests, (d) executed ledger entries recording the sale, assignment, transfer and delivery of the Mexican Entity Equity Interests by Seller and Radar Mexican in favor of Purchaser and Purchaser’s Nominee within the partners’ registry book of each of the Mexican Entities, substantially in the terms of the forms attached hereto as Exhibit H-1, (e) and any other



authorization required under its by-laws whatsoever;

(viii) the Mexican Entities' issued public deeds and corporate ledger books up to date, including the executed ledger entries referred to under Section 2.7(b)(vii) above;

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(ix) UCC-3 termination statements from any secured lenders of Seller to be duly recorded with the appropriate Governmental Authority to confirm the release of any Liens (other than Permitted Liens) on any of the Purchased Assets; and

(x) such other instruments and documents as reasonably requested by Purchaser or its counsel in order to consummate the transactions contemplated under this Agreement, including the Escrow Agreement, an assignment of the Collective Bargaining Agreement and the accepted employment offers to David Zmyslowski and Mark Zmyslowski (the "Employment Offers").

(g) At the Closing, Purchaser shall deliver the following to Seller:

(i) the Remaining Purchase Price payable to Seller pursuant to Section 2.6(b);

(ii) each of the Related Agreements to which Purchaser (or Purchaser's Nominee) is a party, duly executed by Purchaser (or Purchaser's Nominee, as applicable);

(iii) as applicable, duly executed counterparts of each of the agreements referred to in Section 2.7(b);

(iv) the Employment Offers;

(v) the Real Property Leases, duly executed by Purchaser;

(vi) certified resolutions from the members/managers of Purchaser and the members/managers of Purchaser's Nominee approving this Agreement and the transactions hereunder;

(vii) certificate of good standing of Purchaser from the Secretary of State of the State of Michigan; and Purchaser's Nominee from the Secretary of State of Ohio; and

(viii) such other instruments and documents as reasonably requested by the Seller or its counsel in order to consummate the transactions contemplated under this Agreement, including the Escrow Agreement, and the Transition Services Agreement, as provided above.

(h) At Closing, Purchaser shall deposit the Indemnity Escrow Amount, the Seller Net Purchase Price Escrow Amount and the Purchaser Net Purchase Price Escrow Amount with the Escrow Agent.

## ARTICLE I

### ARTICLE II

## REPRESENTATIONS AND WARRANTIES OF Seller AND RADAR MEXICAN

Seller and Radar Mexican, as applicable, hereby represent and warrant to Purchaser and Purchaser's Nominee that as of the Closing Date, except as set forth in the Disclosure Schedule:

3.1 Due Incorporation. Seller and Radar Mexican are duly organized, validly existing and in good standing under the laws of the State of Michigan. The Mexican Entities are duly organized, validly existing and in good standing limited liability companies of variable capital stock (*sociedad de responsabilidad limitada de capital variable*) under the laws of the Mexican United States ("Mexico"). None of the Mexican Entities has reduced its capital stock or holds any treasuries equity. All of the equity of each of the Mexican Entities has been duly authorized and legally issued and is fully paid and non-assessable. Any and all rights, preferences and privileges of the equity of each of the Mexican Entities are expressly set forth in the respective incorporation deeds and By-Laws of each of the Mexican Entities.

3.2 Due Authorization. Seller and Radar Mexican have full corporate power and authority to enter into this Agreement and the Related Agreements to which Seller and Radar Mexican, as

applicable, are a party and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Seller and Radar Mexican of this Agreement and the Related Agreements to which Seller or Radar Mexican, as applicable, is a party have been duly and validly approved by each of the shareholders and board of directors of Seller and the sole member of Radar Mexican, as applicable, and no other corporate or limited liability company, as applicable, actions or proceedings on the part of Seller or Radar Mexican are necessary to authorize this Agreement, the Related Agreements to which Seller and Radar Mexican, as applicable, are a party and the transactions contemplated hereby and thereby. Seller and Radar Mexican have duly and validly executed and delivered this Agreement and have duly and validly executed and delivered

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(or prior to or at the Closing will duly and validly execute and deliver) the Related Agreements to which Seller and Radar Mexican are a party, as applicable. This Agreement constitutes, and when executed and delivered, the Related Agreements to which Seller and Radar Mexican, as applicable, are a party will constitute, the legal, valid and binding obligation of Seller and Radar Mexican, as applicable, in each case, enforceable in accordance with their respective terms, except, in each case, as such may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws in effect which affect the enforcement of creditors' rights generally or by equitable principles.

Seller and Radar Mexican are the sole and lawful registered owners of all of the Mexican Entity Equity Interests, having clean title thereto, free and clear of all Liens and ownership limitations or transfer restrictions. There are no preemptive or other rights, options, warrants or other agreements or commitments to sell or acquire any of the Mexican Entity Equity Interests (other than this Agreement, the Mexican Entity Equity Assignment Agreements or the other Related Agreements). None of Seller, Radar Mexican or the Mexican Entities is a party to any voting trust, proxy, or other agreement or understanding with respect to the voting of any of the Mexican Entity Equity Interests. Seller has stated and hereby expressly confirms that it waives any and all preemptive rights or preferential rights in its favor granted under the By-Laws of the Mexican Entities or any Applicable Law to acquire the Mexican Entity Equity Interests owned by Radar Mexican and Radar Mexican has stated and hereby expressly confirms that it waives any and all preemptive rights or preferential rights in its favor granted under the By-Laws of the Mexican Entities or any Applicable Law to acquire the Mexican Entity Equity Interests owned by Seller.

The execution and performance of the Mexican Entity Equity Assignment Agreements and the sale, assignment, transfer and delivery of the Mexican Entity Equity Interests by Seller and Radar Mexican in favor of Purchaser and Purchaser's Nominee has been duly and fully approved by each of the shareholders and board of directors of Seller and the members and managers of Radar Mexican, as applicable, and by the Mexican Entities, as applicable, and no other corporate or limited liability company, as applicable, actions or proceedings on the part of the Mexican Entities, Seller or Radar Mexican are necessary to authorize the execution and performance of the Mexican Entity Equity Assignment Agreements and the sale, assignment, transfer and delivery of the Mexican Entity Equity Interests by Seller and Radar Mexican in favor of Purchaser and Purchaser's Nominee.

3.3 No Violation. Except (a) for any consent, approval, authorization, declaration, filing, registration or notice requirements, or any laws, rules or regulations, that become applicable solely as a result of the regulatory or other status of Purchaser, Purchaser's Nominee or their respective Affiliates, (b) as set forth in Section 3.3 of the Disclosure Schedule, or (c) as would not have more than a minimal effect, neither the execution and delivery of this Agreement by Seller or Radar Mexican (or the Related Agreements to which Seller, Radar Mexican, or the Mexican Entities, as applicable, is a party) nor the consummation by Seller, Radar Mexican, or the Mexican Entities of the transactions contemplated hereby will (i) violate in any material respect any provision of any applicable law, rule or regulation of a Governmental Authority applicable to Seller, Radar Mexican, or the Mexican Entities or (ii) violate, as applicable, Seller's Articles of Incorporation or By-Laws or Radar Mexican's Articles of Organization or Operating Agreement, or any of the Mexican Entities' Articles of Incorporation or By-Laws. Except (a) for any consent, approval, authorization, declaration,

filing, registration or notice requirements, or any laws, rules or regulations, that become applicable solely as a result of the regulatory or other status of Purchaser, Purchaser's Nominee or their respective Affiliates, (b) as set forth in Section 3.3 of the Disclosure Schedule, or (c) as would not have a Material Adverse Effect, neither the execution and delivery of this Agreement by Seller or Radar Mexican (or the Related Agreements to which Seller, Radar Mexican, or the Mexican Entities, as applicable, is a party) nor the consummation by Seller, Radar Mexican, or the Mexican Entities of the transactions contemplated hereby will violate, or be in conflict with, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of, or accelerate the performance

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required by, or cause the acceleration of the maturity of any debt or obligation pursuant to, or result in the creation or imposition of any security interest, Lien or other encumbrance upon the Purchased Assets, the Mexican Entity Equity Interests, or the assets of the Mexican Entities pursuant to, any of the Material Contracts or Mexican Contracts.

3.4 Consents and Approvals: Governmental Authority Relative to this Agreement. Except (a) for any consent, approval, authorization, declaration, filing, registration or notice requirements, or any laws, rules or regulations, that become applicable solely as a result of the regulatory or other status of Purchaser, Purchaser's Nominee or their respective Affiliates, (b) as set forth in Section 3.4 of the Disclosure Schedule, or (c) as would not have more than a minimal effect, the execution, delivery and performance by Seller and Radar Mexican of this Agreement and the Related Agreements to which Seller, Radar Mexican, or the Mexican Entities, as applicable, is a party will not violate any order, writ, injunction, decree, statute, treaty, rule or regulation of any Governmental Authority applicable to Seller, the Mexican Entities or Radar Mexican or any of their respective assets (including the Purchased Assets, the Acquired Contracts or the Acquired Personal Property Leases). Except (a) for any consent, approval, authorization, declaration, filing, registration or notice requirements, or any laws, rules or regulations, that become applicable solely as a result of the regulatory or other status of Purchaser, Purchaser's Nominee or their respective Affiliates, (b) as set forth in Section 3.4 of the Disclosure Schedule, or (c) as would not have a Material Adverse Effect, no consent, approval or authorization of, or declaration, filing or registration with, any Governmental Authority is required in connection with the execution, delivery and performance of this Agreement and the Related Agreements to which Seller, Radar Mexican, and the Mexican Entities, as applicable, are a party, by Seller, Radar Mexican or the Mexican Entities.

3.5 Compliance with Laws. Seller and the Mexican Entities are operating the Business (including the Mexican Entities) in compliance with all Applicable Laws, except where the failure to be in such compliance would not have a Material Adverse Effect. During the three (3) year period immediately preceding the Closing Date, Seller, Radar Mexican and the Mexican Entities have not been given written notice of, and to the Knowledge of Seller, neither Seller, the Mexican Entities nor Radar Mexican is under investigation with respect to, any material violation of, or any obligation to take material remedial action under, any Applicable Law.

3.6 Title. Seller and Radar Mexican, as applicable, have good, valid and marketable title to, or valid leasehold interests in, as the case may be, all of the Purchased Assets free and clear of all Liens, other than Permitted Liens. Pursuant to this Agreement, the Mexican Entity Equity Assignment Agreements or the other Related Agreements, Seller and Radar Mexican are transferring to Purchaser and Purchaser's Nominee, as applicable, the Mexican Entity Equity Interests, which represent one hundred percent (100%) of the issued and outstanding capital stock, equity and shares of the Mexican Entities, free and clear of any and all Liens, other than Permitted Liens. All of the assets of the Mexican Entities are free and clear of any and all Liens other than Permitted Liens.

3.7 Taxes.

(a) Except as set forth in Section 3.7 of the Disclosure Schedule, to the Knowledge of Seller,

Seller, Radar Mexican, and the Mexican Entities have filed (or will timely, completely and correctly file) all Tax Returns required to be filed by them on and/or prior to the Closing Date (taking into account extensions), all such Tax Returns are correct and complete, and all Taxes with respect to the Business and/or the Purchased Assets which are due and payable prior to the Closing Date have been (or will be timely, completely and correctly) paid and discharged, other than those Taxes which are fully reserved and are being disputed in good faith with the Taxing authority. Any such dispute with a Taxing authority is identified in Section 3.7 of the Disclosure Schedule. Seller is a validly electing S corporation within the meaning of sections 1361

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and 1362 of the Code, with a validly elected fiscal year end of September 30, as provided under the Code. For U.S. federal income tax purposes, Radar Mexican is classified as a partnership and not as an association taxable as a corporation. As applicable, to the Knowledge of Seller, except as set forth in Section 3.7 of the Disclosure Schedule, there are no unpaid Taxes with respect to any period ending on or before the Closing Date which are or would become a Lien on the Purchased Assets, or assets of the Mexican Entities except for current Taxes not yet due and payable, or Taxes which are the being contested in good faith with the applicable Taxing authority and are fully reserved. All Taxes required to be withheld or paid by or on behalf of the Seller, Radar Mexican, and the Mexican Entities, for periods ending on or before the Closing Date, including but not limited to those in connection with the operation of the Business and amounts paid or owing to any employee, independent contractor, workers' compensation premiums, creditor or other party with respect to the Business have been withheld and either duly and timely paid to the proper Governmental Authority or set aside in accounts for such purpose and will be paid when due and payable. All Tax Returns filed by Seller, Radar Mexican and the Mexican Entity and their shareholders related to Seller, Radar Mexican and the Mexican Entity as applicable through the Closing Date constitute complete and accurate representations of the Tax liabilities of Seller, Radar Mexican, the Mexican Entity and their shareholders, as appropriate, for such years. All Tax Returns required to be filed by Seller and Radar Mexican related to, as applicable, the Seller, Radar Mexican and the Mexican Entity after the Closing will be filed when due and all applicable Taxes will be paid upon such filing. All such above Tax Returns shall be prepared and filed by the Seller and Radar Mexican and their shareholders, as applicable, consistent with past practices and procedures and shall truly reflect all Tax items required to be included therein.

(b) Preparation and Filing of Tax Returns. Seller represents and warrants to Purchaser that Seller and Radar Mexican shall cause, as applicable, to be included in the federal, state and local income, single business, commercial activity, franchise, sales and use, personal property, payroll and other Tax Returns of the Seller and Radar Mexican for all periods ending on or before the Closing Date, all Tax items of the Seller and Radar Mexican which are required to be included therein, have properly and adequately accrued for all such Taxes on the Financial Statements for all periods covered by such Financial Statements, shall file timely all such Tax Returns with the appropriate Taxing authorities and shall timely pay (or cause to be paid) all Taxes due with respect to the periods covered by such Tax Returns. Seller further represents and warrants to Purchaser that Seller and Radar Mexican shall cause to be included in the payroll Tax Returns, sales and use Tax Returns, and personal property Tax Returns of Seller and Radar Mexican for all periods ending on or before the Closing Date, all payroll Tax items, all sales and/or use Tax items, and all personal property Tax items of the Seller and Radar Mexican which are required to be included therein, shall timely file all such payroll Tax Returns, sales and/or use Tax Returns, and personal property Tax Returns with the appropriate Taxing authorities, and shall timely pay all payroll Taxes, workers' compensation premiums and claims, sales and use Taxes, and personal property Taxes due with respect to the periods covered by such payroll, sales and/or use and personal property Tax Returns. Any Tax Return to be prepared pursuant to the provisions of this Section 3.7 shall be prepared in a manner consistent with practices followed in prior years with respect to similar Tax Returns, except for changes required by changes in any law, rule or regulation.



3.8. Permits and Licenses. Section 3.8 of the Disclosure Schedule lists all material governmental Permits and Licenses which are issued to, held or used by Seller and/or the Mexican Entities in connection with the operation of the Business at the Facilities as of the Closing Date, or for which Seller and/or the Mexican Entities have applied in connection with the operation of the Business at the Facilities or elsewhere, as of the Closing Date. To the Knowledge of Seller, there are no material violations by Seller or the Mexican Entities under such Permits and Licenses. To the Knowledge of Seller, the consummation of the transactions contemplated hereby will not terminate or limit any of the Permits and/or Licenses issued to the Mexican Entities.

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3.9 Acquired Contracts. Except for a requirement that notice be given or that consent or approval be obtained or that a period of time elapse or any combination of the foregoing in connection with the execution, delivery or performance of this Agreement or any of the Related Agreements or the consummation of the transactions contemplated hereby or thereby, the Seller and the Mexican Entities are not in default under any of the Material Contracts or Mexican Contracts. All Material Contracts are set forth in Section 2.1(c) of the Disclosure Schedule. All Mexican Contracts are set forth in Section 3.9 of the Disclosure Schedule. All of the Material Contracts and Mexican Contracts are, to Seller's Knowledge, in good standing, valid and effective, and the Seller or the Mexican Entities, as applicable, have in the ordinary course of business, paid in full all amounts due on or prior to the Closing under such Material Contracts or Mexican Contracts (except to the extent Seller or the Mexican Entities, as applicable, have accrued such amounts as of the Closing Date in the ordinary course of business or such amounts are accrued or taken into account in connection with the calculation or determination of the Closing Net Purchase Price (or the Additional Purchase Price Amount or Purchase Price Reduction Amount)), and, to Seller's Knowledge, no other party to such Material Contracts or Mexican Contracts is in material default thereunder. Neither the Seller nor the Mexican Entities have received written notice (or, to the Knowledge of Seller, other notice) that any other party to a Material Contract or Mexican Contract will cancel, terminate or be unable to comply with any such Material Contract or Mexican Contract (other than a termination or cancellation in connection with the expiration of any such Material Contracts or Mexican Contracts in accordance with their respective terms).

3.10 Insurance. Section 3.10 of the Disclosure Schedule contains an accurate and complete list of all material policies of fire, product liability, general liability, other casualty, workmens' compensation and other forms of material insurance owned or held by the Seller and the Mexican Entities concerning the Business. The Seller has made available to Purchaser a copy of such insurance policies. All such insurance policies are in full force and effect, all premiums with respect thereto have been paid (except to the extent Seller or the Mexican Entities have accrued such amounts as of the Closing Date in the ordinary course of business or such amounts are accrued or taken into account in connection with the calculation or determination of the Closing Net Purchase Price (or the Additional Purchase Price Amount or Purchase Price Reduction Amount)), and no written notice of cancellation, non-renewal, termination, or disallowance has been received by Seller or the Mexican Entities with respect to any such policy.

3.11 Labor Matters.

(a) Seller and any Affiliate of Seller and the Mexican Entities are in compliance in all material respects with all Applicable Laws respecting employment and employment practices, terms and conditions of employment, wages and hours, and nondiscrimination in employment, and is not engaged in any unfair labor practice or party to any employee grievances. Except as set forth in Section 3.11 of the Disclosure Schedule, the Seller and any Affiliate of Seller are not a party to any collective bargaining or union contracts or similar agreements. To the Seller's Knowledge, Seller and any Affiliate of Seller are in compliance with the procedural requirements of the Federal Immigration and Nationality Act. Except as set forth in Section 3.11 of the Disclosure Schedule, (i) there are no pending or, to the Seller's Knowledge, threatened claims by any current employee or former union employee against Seller or any Affiliate of Seller other than for compensation and benefits due in the ordinary

course of employment, (ii) there are no pending or, to the Seller's Knowledge, threatened claims against Seller or any Affiliate of Seller arising out of the Collective Bargaining Agreement, or any statute, ordinance, or regulation relating to employment practices or occupational or safety and health standards, (iii) there are no pending or, to the Seller's Knowledge, threatened labor disputes, grievances, unfair labor practice charges, strikes, or work stoppages against Seller or any Affiliate of Seller, and (iv) to the Seller's Knowledge, except for the Collective Bargaining

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Agreement, there are no other union organizing activities in process or contemplated with respect to the Business or its employees. Except as set forth in Section 3.11 of the Disclosure Schedule, neither the Seller nor the Mexican Entities have entered into an agreement with any Person that states that the transactions contemplated by this Agreement will trigger any post-termination liability or severance obligation owed by the Seller or the Mexican Entities. Except as set forth in Section 3.11 of its Disclosure Schedule, there are no collective bargaining units with respect to the Seller or the Business that have been certified or recognized by Seller or any Affiliate of Seller. Section 3.11 of the Disclosure Schedule also identifies as of the Closing Date, all employees of Seller or any Affiliate of Seller on leave of absence as of the Closing Date.

(b) All Mexican employees of the Business are employed by RSC Mexican and RST Mexican has no employees at all and RSC Mexican is now, and at all times since January 1, 2012 has been, in compliance with all Mexican labor and employment Applicable Laws and has not received any written notice, report or other information regarding any actual or alleged violation of any labor and employment Applicable Laws, including those related to the Mexican Institute of Social Security (*Instituto Mexicano del Seguro Social*) (“IMSS”), the Institute for the National Fund of Housing for Employees (*Instituto del Fondo Nacional de la Vivienda para los Trabajadores*) (“INFONAVIT”), and the System of Savings for Retirement (*Sistema de Ahorro para el Retiro*) (“SAR”) that may result in the imposition of a liability, fine or penalty against the Mexican Entities.

(c) The Mexican Entities (i) are now, and at all times since January 1, 2012 have been, in compliance with all Applicable Laws related to contractors or service providers, either individuals or entities, and (ii) have not received any written notice, report or other information regarding any actual or alleged violation of any Applicable Law related with contractors or service providers, either individuals or entities. No contractor or service provider of the Mexican Entities, either individual or entity can be (A) determined to be an employee of the Mexican Entities pursuant to Applicable Laws; and (B) entitled to receive from the Mexican Entities or be credited by the Mexican Entities with any employee-related compensation or benefit, including any Christmas bonus, extra hours, workers’ profit sharing, severance, seniority or any IMSS, INFONAVIT or SAR quota payments.

3.12 Non-Governmental Consents. Except as set forth in Section 3.12 of the Disclosure Schedule, no consent of any banks or secured lenders of Seller or Radar Mexican will be necessary for the consummation of the transactions contemplated hereby by Seller or Radar Mexican.

### 3.13 Employee Benefits.

(d) Pension and Multiemployer Plans. Neither the Seller or any of its Affiliates maintain, participate in or contribute to a defined benefit pension plan nor has Seller or any of its Affiliates ever maintained, participated in or contributed to a pension plan or was ever a member of a controlled group that maintained, participate in or contributed to a pension plan. Except as disclosed in Section 3.13(a) of the Disclosure Schedule, neither Seller nor any Affiliate have ever been a member of or contributed to or participated in a Multiemployer Plan. If the multi-employer union health & welfare fund is assumed by Purchaser, Purchaser will not be subject to any withdrawal liability in connection with such assumption other than compliance with amounts payable under the Collective Bargaining Agreement.

(e) Disclosure of Documents. Except as set forth in Section 3.13(b) of the Disclosure Schedule, Seller has delivered to Purchaser correct and complete copies of (i) the plan documents and summary plan descriptions, if applicable, for all of the Assumed Union Benefit Plans; and (ii) the most recent determination or opinion letters received from the Internal Revenue Service for the Assumed Union Benefit Plans which are qualified retirement plans. In addition, Seller has provided Purchaser with a true and accurate copy of each employee handbook and employee manual currently in effect as they relate to the Employees.

(f) Compliance with Laws. All of the Seller’s Benefit Plans including the Assumed

Union Benefit Plans (other than any Multiemployer Plan) are and were administered in form and operation in all

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material respects with all applicable requirements of Applicable Law, including ERISA. All of the Seller's Benefit Plans which are intended to meet the requirements of Section 401(a) of the Code have been determined by the IRS to be "qualified" within the meaning of Section 401(a) of the Code and there are no facts which would adversely affect the qualified status of any of the Seller's Benefit Plans.

(g) Individual Agreements. Section 3.13(d) of the Disclosure Schedule lists all employment, managerial, advisory and consulting agreements, employer intellectual property agreements, and employee severance agreements in effect between Seller, and RSC Mexican with Employee, and any Mexican employees.

(h) Certain Plans. The Seller has not, within the past six (6) years, maintained, contributed to, or been required to contribute to (i) a multiple employer plan subject to Section 413 of the Code, (ii) a "multiple employer welfare arrangement" (as defined in Section 3(40) of ERISA) or (iii) any plan which is funded by or associated with a "voluntary employee's beneficiary association" within the meaning of Section 501(c)(9) of the Code.

(i) Pending Matters. There is no matter pending with respect to any Assumed Union Benefit Plans before the Internal Revenue Service or the Department of Labor, except as disclosed in Section 3.13(f) of the Disclosure Schedule.

(j) Post Retirement Health Care. Except as may be provided in the Collective Bargaining Agreement, or the Assumed Union Benefit Plans and except as set forth on Section 3.13(g) of the Disclosure Schedule, the Seller has no liability in respect of post retirement health, medical or life insurance benefits for retired, former or current Employees except as required to avoid the excise tax under Section 4980B of the Code and for which the Seller is fully responsible.

3.14 Litigation. Section 3.14 of the Disclosure Schedule sets forth each instance in which either the Seller, Radar Mexican, the Mexican Entities, the Business or any of the Purchased Assets (a) is subject to any unsatisfied judgment, order, decree, stipulation or injunction or charge issued by a Governmental Authority or made under the Collective Bargaining Agreement, or (b) is a party to any charge, complaint, action, suit, proceeding or hearing, or, to the Knowledge of Seller, investigation of or in any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction, or to the Knowledge of Seller, is threatened to be a party to any such action.

3.15 Intellectual Property. Section 3.15 of the Disclosure Schedule contains a true and complete list as of the Closing Date of all of the patents and patent applications, provisionals, trademark registrations and applications and registered copyrights that are included in the Acquired Intellectual Property Rights. Except as disclosed in Section 3.15 of the Disclosure Schedule: (a) neither the Seller nor the Mexican Entities have granted any license to a third party or agreed to pay to or receive from a third party any royalty in respect of any of such Acquired Intellectual Property Rights; (b) to the Knowledge of Seller, there are no pending claims, proceedings or litigation alleging infringement or misappropriation by Seller or the Mexican Entities of any third party patent, copyright or servicemark/trademark rights; and (c) Seller and the Mexican Entities have not received any written notice of any adverse claim in respect of, and to the Knowledge of Seller, no claims have been asserted by any person to the use or ownership of, the Acquired Intellectual Property Rights, alleging infringement, misuse or challenging or questioning the validity, enforceability or effectiveness of any of the Acquired Intellectual Property Rights.

3.16 Employees. Section 3.16(a) of the Disclosure Schedule sets forth a complete list (as of the date set forth therein) of each person employed by the Seller or the Mexican Entities as of the

Closing Date (collectively, "Employees") including his or her: name, positions (or job title), current annual salary or wage rate, period of service and union status. Section 3.16(b) of the Disclosure Schedule identifies which of the Employees or Mexican employees are not actively working and/or on leave of absence, no matter how classified, including the leave type if applicable.

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### 3.17 Real Property.

(k) Seller and the Mexican Entities do not own any real property.

(l) Section 3.17(b) of the Disclosure Schedule sets forth each parcel of real property leased by Seller and/or the Mexican Entities (collectively, the "Leased Real Property") and identifies the related real property leases. With respect to the Leased Real Property leased by the Mexican Entities (the "Mexican Leased Real Property"):

(i) such real property lease for such Mexican Leased Real Property is valid, binding and enforceable against the Mexican Entities that are party thereto and, to the Knowledge of Seller, is in full force and effect, except, in each case, as such may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws in effect which affect the enforcement of creditors' rights generally or by equitable principles, and the Mexican Entities enjoy peaceful and undisturbed possession of the applicable Mexican Leased Real Property leased to the Mexican Entities pursuant to such real property lease;

(ii) the Mexican Entities are not in breach or default under such real property lease for such Mexican Leased Real Property, and, to the Knowledge of Seller, no event has occurred or circumstance exists which, with the delivery of notice, passage of time or both, would constitute such a breach or default by the Mexican Entities under such real property lease, and the Mexican Entities have paid all rent due and payable by the Mexican Entities under such real property lease through the Closing Date (except to the extent the Mexican Entities have accrued such amounts as of the Closing Date in the ordinary course of business or such amounts are accrued or taken into account in connection with the calculation or determination of the Closing Net Purchase Price (or the Additional Purchase Price Amount or Purchase Price Reduction Amount));

(iii) the Mexican Entities have not receive nor given any written notice of any default (or event that with notice or lapse of time, or both, would constitute a default) by the Mexican Entities under such real property lease for such Mexican Leased Real Property and, to the Knowledge of Seller, (A) no other party is in default thereof and (B) no party to any such real property lease has exercised any termination rights with respect thereto;

(iv) the Mexican Entities have not subleased, assigned or otherwise granted to any Person the right to use or occupy such Mexican Leased Real Property or any portion thereof; and

(v) the Mexican Entities have not pledged, mortgaged or otherwise granted a Lien (other than a Permitted Lien) on their leasehold interests in any Mexican Leased Real Property.

(m) Neither the Seller nor the Mexican Entities have received any written notice of (i) violations of building codes and/or zoning ordinances or other Applicable Laws affecting the Mexican Leased Real Property, (ii) existing pending or threatened condemnation proceedings affecting the Mexican Leased Real Property, or (iii) existing, pending or threatened zoning, building code or other moratorium proceedings, or similar matters which would reasonably be expected to materially and/or adversely affect the operations of the Mexican Leased Real Property as currently operated.

3.18 Environmental Matters. Notwithstanding anything contained in this or any other Agreement to the contrary, the representations and warranties contained in this Section 3.18 shall constitute the sole representations and warranties of Seller or Radar Mexican with respect to any environmental matters, including without limitation, Environmental Permits, compliance with or liabilities respecting Environmental Laws, and the existence or non-existence of any Contamination respecting the Business and/or the Facilities. Seller has made available to Purchaser for inspection any Phase I and/or Phase II Environmental Reports in its possession respecting any of the Facilities or the



Leased Real Property (the “Environmental Reports”).

Except as set forth on Section 3.18 of the Disclosure Schedule or in the Environmental Reports:

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(n) The operations of Seller and the Mexican Entities with respect to the Business, the Facilities, the Leased Real Property and the Purchased Assets are in material compliance with all Environmental Laws. Neither the Seller nor the Mexican Entities have received from any Person, with respect to the Business, the Facilities or the Purchased Assets, any: (i) Environmental Claim; or (ii) written request for information pursuant to any applicable Environmental Law, which, in each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements as of the Closing Date.

(o) Seller and the Mexican Entities have obtained and/or are in material compliance with all permits required for the conduct of the Business as currently conducted or the lawful ownership, lease, operation or use of the Purchased Assets and/or the Business in compliance with Environmental Laws ("Environmental Permits") and all such Environmental Permits are in full force and effect.

(p) None of the Business Facilities or the Purchased Assets is listed on, or, to the Knowledge of Seller, has been proposed for listing on, the National Priorities List (or CERCLIS) under CERCLA, or any similar state list or Mexican list.

(q) To the Knowledge of Seller, there has been no Release of Hazardous Substances in violation or contravention of any applicable Environmental Law with respect to the Business, the Facilities, the Leased Real Property or the Purchased Assets, and Seller or the Mexican Entities have not received any written notice that any of the Facilities, the Leased Real Property, the Business or the Purchased Assets (including soils, groundwater, surface water, buildings and other structure located thereon) has been Contaminated in a manner that could reasonably be expected to result in an Environmental Claim against Seller or the Mexican Entities, or could constitute a material violation by Seller or the Mexican Entities of Environmental Law or a requirement of any Environmental Permit.

(e) Except as set forth in Section 3.18(e) of the Disclosure Schedule, and to the Knowledge of Seller, no conditions exist at any of the Facilities which constitutes a material violation of any applicable Environmental Laws.

(f) Except as set forth in Section 3.18(f) of the Disclosure Schedule, Seller has not received written notice of any violation, proceeding, inquiry, investigation, claim, demand or lawsuit pending nor, to the Seller's Knowledge, threatened against Seller and/or the Mexican Entities arising from any Environmental Laws or Hazardous Substances and related to the Business or any of the Facilities.

(g) Except as set forth in Section 3.18(g) of the Disclosure Schedule: (i) neither Seller nor the Mexican Entities uses or has used any Hazardous Substances at any of the Facilities, except in such amounts as are or have been necessary for the operation of the Business, and then in material compliance with any and all applicable Environmental Laws; (ii) neither Seller nor the Mexican Entities have used any of the Facilities for the treatment, storage or disposal of Hazardous Substances in a manner that would require a TSD permit pursuant to RCRA or any Environmental Laws; and (iii) to the Knowledge of Seller, no spill or release of Hazardous Substances has occurred at any of the Facilities.

(h) Except as set forth in Section 3.18(h) of the Disclosure Schedule, to the Knowledge of Seller, no underground storage tanks, asbestos fibers or materials, urea-formaldehyde foam insulation, lead, radon or polychlorinated biphenyls are on or located at any of the Facilities or the Leased Real Property.

(i) To Seller's Knowledge, no portion of any of the Facilities or the Leased Real Property is

or has been utilized as a landfill.

3.19 Brokers and Finders. Other than as set forth in Section 3.19 of the Disclosure Schedule, no agent, broker, investment banker, financial advisor or other firm or person is entitled to any brokerage, finder's, financial advisor's or other similar fee or commission for which Purchaser or any of its Affiliates could become liable in connection with the transactions contemplated by this Agreement as a result of any action taken by or on behalf of Seller or any of its Affiliates. Seller will pay the fees of the person identified

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in Section 3.19 of the Disclosure Schedule in connection with the transactions contemplated by this Agreement and Purchaser will have no obligation therefor.

3.20 Working Capital. Except as set forth in Section 3.20 of the Disclosure Schedule, since the Most Recent Financial Statements Date, the Seller and the Mexican Entities have managed the working capital of the Seller and the Mexican Entities, as applicable, relating to the Business only in the ordinary course of business consistent with prior practice in all material respects.

3.21 Fraudulent Conveyance. The Seller and Radar Mexican are solvent as of the Closing and will be solvent immediately after the Closing. The Purchase Price represents reasonably equivalent value for the transfer and sale of the Business and the Purchased Assets hereunder. Immediately after the Closing and sale hereunder, the Seller will be able to pay all of its debts as they become due.

3.22 Additional Severance. Except as set forth in Section 3.22 of the Disclosure Schedule, the Seller and the Mexican Entities are not a party to any agreement, and have not established any policy or practice, requiring Seller or the Mexican Entities to make a payment or provide any other form of compensation or benefit to any Person performing services for Seller or the Mexican Entities upon termination of such services, that would not be payable or provided in the absence of the consummation of the transactions contemplated by this Agreement.

3.23 No Liabilities. Except for (i) liabilities or obligations which are disclosed in the Financial Statements of the Seller and the Mexican Entities, (ii) liabilities or obligations incurred in the ordinary course of business, (iii) liabilities or obligations disclosed in (or under) this Agreement, the Disclosure Schedule or the Related Agreements, (iv) liabilities or obligations under contracts or agreements to which the Seller or either of the Mexican Entities is a party or otherwise bound, (v) liabilities or obligations not required by GAAP to be disclosed or reserved against on a consolidated balance sheet of Seller and the Mexican Entities, (vi) liabilities or obligations that are accrued or taken into account in connection with the calculation or determination of the Closing Net Purchase Price (or the Additional Purchase Price Amount or Purchase Price Reduction Amount) or (vii) Assumed Liabilities or Excluded Liabilities, the Seller and the Mexican Entities have no liabilities or obligations relating to the Business or the Purchased Assets.

3.24 Customers. Section 3.24 of the Disclosure Schedule, sets forth with respect to the Business the names of all customers of Seller and the Mexican Entities that ordered goods and services from the Business of more than Four Million Dollars (\$4,000,000) from Seller and the Mexican Entities during the twelve (12) month period ended July 31, 2014 (the "Customers"). Other than matters of general economic or political nature which affect the Business and the general economy and/or matters disclosed in Section 3.24 of the Disclosure Schedule, neither the Seller nor the Mexican Entities has received any written notice that any Customer (i) has ceased, or will cause to discontinue, the use of the products, goods or services of the Business, or (ii) has materially reduced or will materially reduce, the use of products, goods or services of the Business.

3.25 Suppliers. Section 3.25 of the Disclosure Schedule sets forth the names of all

suppliers to the Business from which the Seller and the Mexican Entities ordered raw materials, supplies, merchandise and other goods and services of more than Five Hundred Thousand Dollars (\$500,000) for the Business during the twelve (12) month period ended July 31, 2014 (the "Suppliers"). Other than matters of general economic or political nature which affect the Business and the general economy and/or other matters disclosed in Section 3.25 of the Disclosure Schedule, neither the Seller nor the Mexican Entities has received any written notice from the Suppliers (i) of any dispute with a Supplier, (ii) of any material adverse change in the price of such raw materials, supplies, merchandise or other goods or services (other than general and customary price increases), or (iii) that any Supplier will not sell raw materials, supplies, merchandise and

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other goods to the Purchaser at any time after the Closing Date on terms and conditions similar to those used in its current sales to the Seller and/or the Mexican Entities, subject to general and customary price increases.

3.26 Product Warranties. There are no pending or, to the Knowledge of Seller, threatened claims with respect to any warranty given to purchasers of products supplied by Seller in connection with the Business, and, to the Knowledge of Seller, Seller and/or the Mexican Entities have no liability with respect to any such warranty. During the five (5) year period immediately preceding the Closing Date, neither Seller nor the Mexican Entities has received written notice (or, to the Knowledge of Seller, other notice) of any product liability or warranty claim against the Seller or the Mexican Entities.

3.27 Absence of Certain Business Practices. Neither the Seller, the Mexican Entities nor, to the Knowledge of Seller, any officer, director, employee or agent of Seller or the Mexican Entities (acting in such capacity on behalf of Seller or the Mexican Entities), have directly or indirectly, given or agreed to give any gift or similar benefit in violation of Applicable Law to any customer, supplier, governmental employee or other person who is or may be in a position to help or hinder the Business (or assist Seller or the Mexican Entities in connection with any actual or proposed transaction relating to the Business) (i) which would subject Seller or the Mexican Entities to any damage or penalty in any civil, criminal or governmental litigation or proceeding (including those under the FCPA) or (ii) for the purpose of establishing or maintaining any concealed fund or concealed bank account.

3.28 Operation of the Business; Asset for Operation of the Business.

(a) Other than as set forth in Section 3.28 of the Disclosure Schedule, Seller, Radar Mexican and the Mexican Entities have directly conducted the Business and have not conducted the Business through any Affiliate or any related parties or any other divisions or any direct or indirect subsidiary or Affiliate of Seller and the Mexican Entities or through any entity that is owned in whole or in part by any of the shareholders of Seller and the Mexican Entities. None of the Purchased Assets transferred and sold hereunder by the Seller to the Purchaser were transferred or assigned, fraudulently or otherwise, from an Affiliate of Seller for less than full and adequate consideration.

(b) Except for the Excluded Assets, (b) as provided in the Transition Services Agreement or as set forth in Section 3.28 of the Disclosure Schedule, as relates to the Business, the Purchased Assets (and the assets of the Mexican Entities), Mexican Contracts, Assumed Union Benefit Plans, the Acquired Personal Property Leases, the Acquired Contracts and the Real Property Leases, taken as a whole, constitute all the material properties and material assets used by Seller and the Mexican Entities in connection with the operation of the Business during the past twelve (12) months (except inventory sold, materials used, cash disposed of, accounts receivable collected, prepaid expenses realized, contracts performed, properties or assets replaced by equivalent or superior properties or assets, properties or assets sold, disposed of or used in the ordinary course of business, employees not hired by the Purchaser, independent contractors not engaged by Purchaser or the Excluded Assets). To the Knowledge of Seller, the Purchased Assets (and the machinery and equipment owned by the

Mexican Entities) are in all material respects adequate for the purposes for which such Purchased Assets (and the machinery and equipment owned by the Mexican Entities, as applicable) are currently used and are in reasonably good repair and operating condition as currently operating in place in the Facilities (subject to normal wear and tear).

3.29 Financial Statements. Attached as Section 3.29 of the Disclosure Schedule are copies of (a) a reviewed consolidated balance sheet of Seller and Subsidiaries and Affiliate as of June 30, 2012 and September 30, 2013 and a reviewed consolidated statement of operations of Seller and Subsidiaries and Affiliate for the year ended June 30, 2012 and the period from July 1, 2012 through September 30, 2013 (collectively, the "Reviewed Financial Statements") and (b) an internally prepared consolidated balance sheet

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of Seller and the Mexican Entities as of July 31, 2014 (the “Most Recent Financial Statements Date”) and an internally prepared consolidated statement of income and retained earnings of Seller and the Mexican Entities for the ten (10) months then ended (collectively, the “Most Recent Financial Statements”, and together with the Reviewed Financial Statements, collectively, the “Financial Statements”). Except as set forth in the notes to the Financial Statements or in Section 3.29 of the Disclosure Schedule, (i) the Reviewed Financial Statements have been prepared in accordance with GAAP, as in effect on the date of such Reviewed Financial Statements and consistently applied throughout the periods covered thereby and (ii) the Financial Statements present fairly, in all material respects, (A) the financial position of Seller and the Mexican Entities as of the date thereof and (B) the results of the operations of Seller for such period covered thereby.

3.30 Absence of Changes. Except as set forth in Section 3.30 of the Disclosure Schedule or as required or contemplated by this Agreement or any Related Agreement, since the Most Recent Financial Statements Date, (A) the Seller and the Mexican Entities have conducted the Business only in the ordinary and normal course consistent with prior practice in all material respects and (B) none of the following have occurred relating to the Business, the Facilities, the assets of the Mexican Entities or the Purchased Assets, as applicable:

- (a) any Material Adverse Effect;
- (b) the payment of any obligation or liability of Seller or the Mexican Entities relating to the Business (whether absolute, accrued, contingent or otherwise, whether due or to become due) outside the ordinary course of business, other than liabilities shown on the Most Recent Financial Statements or liabilities or obligations incurred since the Most Recent Financial Statements Date in the ordinary course of business consistent with prior practice;
- (c) any Lien (other than a Permitted Lien) placed on the Purchased Assets or the Facilities or the assets of the Mexican Entities;
- (d) any sale or lease or other disposition of any of the Purchased Assets by Seller, or the Mexican assets of the Mexican Entities by the Mexican Entities, in each case, other than in the ordinary course of business;
- (e) any cancellation or compromise of any debt or claim relating to the Business by Seller and/or the Mexican Entities, or waiver or release of any right of substantial value relating to the Business by Seller, in each case, which cancellation, compromise, waiver or release would have a Material Adverse Effect;
- (f) receipt by Seller and/or the Mexican Entities of any written notice of termination of any Permit, Environmental Permit or Acquired Contract or any damage, destruction or loss (whether or not covered by insurance) or threat thereof of any Purchased Assets, in each case which, individually or in the aggregate, had or will have a Material Adverse Effect;
- (g) institution or settlement (or agreement to settle) by Seller and/or the Mexican Entities of any litigation, action or proceeding before any court or governmental body relating to the Business, the Facility, the assets of the Mexican Entities or the Purchased Assets, in each case, other than in the ordinary course of business consistent with past practices;
- (h) except as required by Applicable Law or any written contract or agreement to which Seller and/or the Mexican Entities is a party (which contract or agreement is disclosed herein or in the Disclosure Schedule), any (i) grant by Seller and/or the Mexican Entities (or commitment by Seller and/or the Mexican Entities to grant): (A) any material bonus or any material wage, salary or compensation increase to any director, officer, employee, independent contractor or consultant of Seller or the Mexican Entities, in each case other than in the ordinary course of business consistent with past practice or (B) a material increase of any benefit provided under any Benefit Plan, in each case other than in the ordinary course of business consistent with past practice, (ii) adoption,



amendment or termination by Seller and/or the Mexican Entities of any Benefit Plan, or (iii) entry into, amendment or termination by Seller and/or the Mexican Entities of

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any employment agreement, deferred compensation arrangement, collective bargaining agreement or other similar arrangement with any of its current directors, officers, employees, independent contractors or consultants, in each case other than (x) in the ordinary course of business consistent with past practices or (y) for any at-will employment arrangements or other arrangements that may be terminated at any time by Seller and/or the Mexican Entities;

(i) any entry by Seller and the Mexican Entities into any contracts with any Affiliates of Seller, except as disclosed herein or in the Disclosure Schedule or done in the ordinary course of business; or

(j) any grant of a license or sublicense by Seller and/or the Mexican Entities of any rights of Seller and/or the Mexican Entities under or with respect to any Intellectual Property Rights other than in the ordinary course of business.

3.31 Inventory. To the Knowledge of Seller, (a) none of the Acquired Inventories or inventories of the Mexican Entities are obsolete, (b) all of the Acquired Inventories or inventories of the Mexican Entities consists of a quality usable in all material respects in the ordinary and usual course of the Business, in each case subject to reserves for inventory write-downs set forth in the Most Recent Financial Statements or booked or accrued in the ordinary course of business and (c) all of the Acquired Inventories or inventories of the Mexican Entities meet, in all material respects, any and all Applicable Laws. To the Knowledge of Seller, all finished goods inventories included in the Purchased Assets and/or owned by the Mexican Entities (i) are free of any material defect or other material deficiency and (ii) meet, in all material respects, (A) all required specifications of the applicable customers of Seller and/or the Mexican Entities and (B) any federal, state, foreign and local code standards, if applicable, for such finished goods inventories included in the Purchased Assets or owned by the Mexican Entities.

3.32 Work-In-Process. Except as set forth in Section 3.32 of the Disclosure Schedule, to the Knowledge of Seller, Seller's and the Mexican Entities' work-in-process included in the Purchased Assets or owned by the Mexican Entities and related to Open Customer Orders are capable generally of being processed or finished at ordinary costs in all material respects and pursuant to applicable purchase order terms and conditions and all commitments related thereto, in each case, in all material respects.

3.33 Receivables. Except as set forth in Section 3.33 of the Disclosure Schedule, all Receivables included in the Purchased Assets (or accounts receivable owned by the Mexican Entities) and transferred hereunder including those identified in Section 2.1(l) of the Disclosure Schedule, due or accruing to the Seller (or the Mexican Entities, as applicable) in connection with the Business (a) are, to the Knowledge of Seller, (i) *bona fide* and (ii) collectible without set-off or counterclaim, and (b) to the Knowledge of Seller, have been generated by Seller or the Mexican Entities, as applicable, in the ordinary course of business; provided, however, that there is no guaranty or assurance that any Receivables (or accounts receivable owned by the Mexican Entities) will actually be collected.

3.34 Computer System. Unless otherwise set forth in a Transition Services Agreement between Purchaser and Seller as of the Closing Date, the computer system(s) utilized by the Seller for the Business are included in the Purchased Assets.

ARTICLE I

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Seller and Radar Mexican that as of the Closing Date:

4.1 Due Incorporation. Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Michigan with all requisite power and authority to own and operate its assets and properties as they are now being owned and operated.

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4.2 Due Authorization. Purchaser has full power and authority to enter into this Agreement and its Related Agreements and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Purchaser of this Agreement and its Related Agreements have been duly authorized by all necessary action of Purchaser. Purchaser has duly and validly executed and delivered this Agreement and has duly and validly executed and delivered (or prior to or at the Closing will duly and validly execute and deliver) its Related Agreements. This Agreement constitutes the legal, valid and binding obligation of Purchaser and its Related Agreements, upon execution and delivery by Purchaser will constitute legal, valid and binding obligations of Purchaser, in each case enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws in effect which affect the enforcement of creditors' rights generally and by equitable principles.

4.3 Consents and Approvals; No Violations. The execution, delivery and performance by Purchaser of this Agreement and its Related Agreements and the consummation of the transactions contemplated hereby and thereby will not (i) violate any applicable law, rule or regulation or any regulation, order, writ, injunction, decree, statute, treaty or rule of any Governmental Authority applicable to Purchaser or any of its assets or properties; (ii) require any filing or registration by Purchaser with, or consent or approval with respect to Purchaser of, any Governmental Authority or other Person; (iii) violate or conflict with or result in a breach or default (or an event which, with notice or lapse of time or both, would constitute a default) under any contract to which Purchaser is a party or by which Purchaser or any of its assets or properties are bound; or (iv) violate or conflict with the certificate of incorporation or formation or by-laws or operating agreement (or similar organizational documents) of Purchaser, except where any such filing, registration, consent or approval, if not made or obtained, or any such violation, conflict, breach or default, would not (A) have a material adverse effect on Purchaser or its ability to perform its obligations under this Agreement or the Related Agreements, (B) prevent, enjoin or otherwise delay the transactions contemplated by this Agreement or the Related Agreements, or (C) result in any liability or obligation of Seller or Radar Mexican or result in any Loss or damage to Seller or Radar Mexican. No consent, approval or authorization of, or declaration, filing or registration with, or notice to, any Governmental Authority is required in connection with the execution, delivery and performance by Purchaser of this Agreement and its Related Agreements and the consummation of the transactions contemplated hereby and thereby.

4.4 Available Funds. Purchaser has sufficient cash resources on hand in an aggregate amount sufficient to pay in cash any and all amounts required to be paid by it pursuant to this Agreement and the Related Agreements, including the Purchase Price and all fees and expenses related to the transactions contemplated by this Agreement and the Related Agreements to be paid by Purchaser.

4.5 Brokers and Finders. No agent, broker, investment banker, financial advisor or other firm or Person is entitled to any brokerage, finder's, financial advisor's or other similar fee or commission for which Seller, Radar Mexican or any of their respective Affiliates could become liable in connection with the transactions contemplated by this Agreement as a result of any action taken by

or on behalf of Purchaser, Purchaser's Nominee or any of their respective Affiliates.

4.6 Legal Proceedings. There is no claim, charge, complaint, action, suit, proceeding or hearing of or in any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction pending, or to the knowledge of Purchaser, threatened against or by Purchaser, Purchaser's Nominee or any Affiliate of Purchaser or Purchaser's Nominee that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement or the Related Agreements.

4.7 No Other Representations or Warranties. Except for the representations and warranties expressly set forth in Article III, neither the Seller nor Radar Mexican nor any of their respective Affiliates,

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officers, directors, employees, agents, advisors, counsel or representatives nor any Person acting on behalf of any of the foregoing makes or has made any other express or any implied or oral representation or warranty (a) to Purchaser, Purchaser's Nominee or any of their respective Affiliates, officers, directors, managers, members, employees, agents, advisors, counsel or representatives (or any other Purchaser Indemnified Party) or (b) upon which Purchaser, Purchaser's Nominee or any of their respective Affiliates, officers, directors, managers, members, employees, agents, advisors, counsel or representatives (or any other Purchaser Indemnified Party) has relied. Without limiting the generality of the foregoing, neither the Seller, Radar Mexican nor any of their respective Affiliates, officers, directors, employees, agents, advisors, counsel or representatives nor any other Person shall have or be subject to any liability or obligation to Purchaser, Purchaser's Nominee or any of their respective Affiliates, officers, directors, managers, members, employees, agents, advisors, counsel or representatives or any other Person (including any other Purchaser Indemnified Party) resulting from the distribution to or use by any of them of (i) any of the information provided or made available to Purchaser, Purchaser's Nominee or any of their respective Affiliates, officers, directors, managers, members, employees, agents, advisors, counsel or representatives or any other Person (including any other Purchaser Indemnified Party), including any information, documents or material made available in any data room, management presentations or in any other form in expectation of or in any way relating to this Agreement, any Related Agreement or the transactions contemplated hereby or thereby, at any time (whether prior to, on or after the execution of this Agreement) or (ii) any projections, forecasts, estimates, plans or budgets of future revenues, profitability, expenses or expenditures, future results of operations (or any component thereof), future cash flows (or any component thereof), future financial condition (or any component thereof) or future success (or any component thereof) of the Seller, Radar Mexican, either of the Mexican Entities (or any assets, liabilities or operations of either of the Mexican Entities), the Business, any of the Purchased Assets, any of the Facilities, or any of the Assumed Liabilities heretofore or hereafter delivered to or made available to Purchaser, Purchaser's Nominee or any of their respective Affiliates, officers, directors, managers, members, employees, agents, advisors, counsel or representatives or any other Person (including any other Purchaser Indemnified Party), except to the extent such information is expressly set forth in Article III.

## ARTICLE 5

### COVENANTS

#### 5.1 Preservation of Records; Post-Closing Access and Cooperation.

(a) For a period of seven (7) years after the Closing Date or such other period (if longer) required by Applicable Law, Purchaser shall preserve and retain, all corporate, accounting, legal, auditing, human resources and other books and records in its possession (including any documents relating to any governmental or non-governmental claims, actions, suits, proceedings or investigations) relating to the Business, the Purchased Assets or the Mexican Entities prior to the Closing Date.

(b) Purchaser shall, after the Closing Date, afford promptly to Seller and its representatives reasonable access during normal business hours to the offices, Facilities, books, records, officers and employees of (or relating to) the Business, the Purchased Assets or the Mexican Entities to the extent and for a purpose reasonably requested by Seller.

## 5.2 Employees and Benefits.

(c) Offers of Employment. Seller shall terminate the employment of Employees as follows: (x) the Employees who are subject to the Collective Bargaining Agreement, immediately prior to the Closing, and (y) all other Employees who are employees of the Seller classified as a leased employee under the Transition Services Agreement ("Leased Employees") on the close of business on December 31, 2014 (such

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Employees described in (x) and (y) are referred to as the “Subject Employees”). Purchaser shall (i) on October 1, 2014 immediately employ the Subject Employees who are subject to the Collective Bargaining Agreement (the “Union Employees”) on the terms and conditions set forth in such agreement, and assume the Assumed Union Benefit Plans applicable to such Union Employees, and (ii) at least two (2) Business Days prior to December 31, 2014 (the “Leased Employee Termination Date”), unless otherwise agreed to by the Seller and the Purchaser before or after the Closing Date, extend a written offer of employment to be effective on the Leased Employee Termination Date to each of the Leased Employees who is an employee of the Seller and then being leased by the Purchaser from the Seller under the Transition Services Agreement at a level and with responsibilities that, as determined exclusively by the Purchaser, are substantially commensurate with their employment with Seller and at a wage or salary and other compensation substantially similar to the respective wages or salaries and other compensation specified for such Leased Employees on Section 3.16(a) of the Disclosure Schedule. The Union Employees, the Leased Employees who hereafter are extended and accept offers of employment with Purchaser after the Closing Date on the Leased Employee Termination Date, and the two Management Employees are referred to as “Hired Employees.” Nothing in this section guarantees such Hired Employee’s employment with the Purchaser for any period of time except as hereinafter provided in Section 5.2(b) below, or if hired by Purchaser, alters a Hired Employee’s status as an at will employee, except as provided in the Collective Bargaining Agreement or the Employment Offers. Except as specifically provided herein or in the Transition Services Agreement, Purchaser shall not be liable for any of Seller’s liabilities or obligations to Seller’s employees (including the Employees) or arising as a result of any termination of such Seller’s employees, including but not limited to wages, bonuses, benefits, retirement, commissions, deferred compensation or stay on payments including those that have accrued prior to the Closing or the Leased Employee Termination Date, as applicable.

(d) Purchaser Pay and Benefits. With respect to the Hired Employees who are not Union Employees or Management Employees, for thirty (30) days following the Leased Employee Termination Date, Purchaser shall provide (i) to each such Hired Employee salary or wages, as provided above and (ii) to such Hired Employees generally, employee benefits that are substantially similar, as determined in good faith by Purchaser, in the aggregate, to those provided to such Hired Employees immediately prior to the Leased Employee Termination Date and, in all events, in compliance with all requirements of Applicable Law. Upon the Leased Employee Termination Date, the Purchaser agrees that the Leased Employees who become the Hired Employees shall be eligible immediately to commence participation in the employee benefit plans and compensation programs and policies of Purchaser, including but not limited to the group health plan of the Purchaser (collectively, the “Purchaser Benefit Plans”), without regard to any eligibility period or waiting period. Without limiting the foregoing, Purchaser shall take the following actions: (i) upon the Leased Employee Termination Date provide all Leased Employees who become Hired Employees health care coverage substantially similar as reasonably determined by the Purchaser in its sole but reasonable discretion to the coverage currently provided to such Leased Employees; (ii) if permitted under Purchaser’s health care plans and provided applicable documentation is received from the Seller and/or the Leased Employees provide each Leased Employee who becomes a Hired Employee, with credit under any Purchaser health care plans for any co-payments and deductibles paid by each Leased Employee under any Seller health care plan prior to the Leased Employee Termination Date for the plan year in which the Leased Employee Termination Date occurs for purposes of satisfying any applicable deductible, co-payment, co-insurance or any other out-of-pocket requirements under the Purchaser’s health care plans; and (iii) for all purposes (other than for purposes of benefit accruals under any defined benefit pension plan) under the Purchaser Benefit Plans, and if permitted under Purchaser Benefit Plans, treat all service by the Leased Employees who become Hired Employees, as service with Purchaser and its Affiliates.

(e) Liabilities for Employees. After Closing (for the Union Employees) and after the Leased Employee Termination Date (for the Leased Employees), Purchaser shall be responsible for any and all notices, liabilities, costs, payments and expenses arising from any action by Purchaser or



the Purchaser's operation of the Business (including breach of contract, defamation or retaliatory discharge) regarding any

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Hired Employee including any such liability (i) under any Applicable Law, rule or regulation that relates to employees, employee benefit matters or labor matters, or (ii) for dismissal, wrongful termination or constructive dismissal or termination, or severance pay or other termination pay. Except as otherwise provided herein and subject to the Transition Services Agreement, Seller shall be responsible for all of the above arising from any action or inaction by Seller or the Seller's operation of the Business regarding any of its Employees including the Subject Employees for any period on or before the Closing Date and for Leased Employees for any period on or before the Leased Employee Termination Date.

(f) 401(k) Plan Rollovers. Purchaser shall take all reasonable action necessary to permit Purchaser's tax-qualified employee savings plan(s) maintained in the United States to accept rollover contributions of "eligible rollover distributions" (within the meaning of Section 402(c)(4) of the Code) from the Seller's qualified retirement plan(s).

(g) Liabilities for Benefits. Except as (i) provided for in the Transition Services Agreement, (ii) specifically provided in Section 2.3 or this Section 5.2 or (iii) included in the Assumed Liabilities, Seller shall retain all, and Purchaser shall not assume and shall not be deemed to have assumed any liability or responsibility for obligations under, with respect to or arising in connection with any of Seller's Benefit Plans. Purchaser shall have all, and Seller shall not assume and shall not be deemed to have assumed any liability or responsibility for obligations under any Purchaser Benefit Plans.

(h) Flexible Spending Accounts. With respect to each Leased Employee who becomes a Hired Employee who participates in a health care or dependent care flexible spending account of Seller (the "Seller Non-Union FSA") and whose contributions to such Seller FSA for the current plan year through the Leased Employee Termination Date exceed the reimbursements made under the Seller's Non-Union FSA through the Leased Employee Termination Date, during the period beginning on the Leased Employee Termination Date and ending on the last day of the plan year in which the Leased Employee Termination Date occurs, Purchaser shall or shall cause its Affiliates, as the case may be, to (i) maintain health care, limited purpose healthcare spending and dependent care flexible spending accounts established under Section 125 of the Code (the "Purchaser Non-Union FSA"), (ii) permit such Leased Employee who becomes a Hired Employee to participate in the Purchaser Non-Union FSA to the extent coverage under such Purchaser Non-Union FSA replaces coverage under a corresponding Seller Benefit Plan in which such Non-Union Hired Employee participated immediately before the replacement, (iii) provided such amounts are transferred to Purchaser credit such Leased Employee who becomes a Hired Employee under the Purchaser Non-Union FSA immediately following the applicable transfer date with amounts available for reimbursement equal to such amounts as were transferred and credited under the Seller Non-Union FSA with respect to such person immediately prior to the applicable transfer date, (iv) give effect under the Purchaser Non-Union FSA to any elections made by such Leased Employees who become Hired Employees with respect to the Seller Non-Union FSA for the year in which the applicable transfer date occurs, and (v) reimburse from the Purchaser Non-Union FSA all eligible expenses, if any, incurred during the plan year (or portion thereof) that the Leased Employee who becomes a Hired Employee was a participant in the Seller Non-Union FSA. As soon as reasonably practicable following the Leased Employee Termination Date, the Seller shall provide to the Purchaser a payment equal to the excess of (x) the aggregate employee contributions made by the Leased Employee who becomes a Hired Employee under the Seller Non-Union FSA as of the Leased Employee Termination Date made during the year in which the Leased Employee Termination Date occurs and (y) the aggregate employee reimbursements under the Seller Non-Union FSA with respect to such Leased Employees who become Hired Employees as of the Leased Employee Termination Date made during the year in which the Leased Employee Termination Date occurs, in each case with respect to Leased Employees who become Hired Employees for the applicable plan year. The parties hereto agree to make reasonable, good faith efforts to implement the provisions of this Section 5.2(f) to take into account the complexity of transferring flexible spending accounts and discrepancies related thereto.

(i) COBRA Obligations. Seller shall terminate its group health plans on the Leased

Employee Termination Date. Accordingly, Purchaser shall be responsible for the provision of group health plan

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continuation coverage after the Leased Employee Termination Date with respect to each Person who is an M&A qualified beneficiary of the Seller within the meaning of Treasury Regulation Section 54.4980B-9, Q&A-4. Subject to the Transition Services Agreement, except for claims incurred under the Assumed Union Benefit Plans and except as provided in Section 5.2(f) above, claims incurred under the Seller's group health plans on or prior to, as applicable, the Closing Date or the Leased Employee Termination Date as related to the type of Employee (union vs. non-union), shall remain the obligation of the Seller Benefit Plans.

(j) Accrued Paid Time Off. As of Closing, the Purchaser shall assume and be solely responsible for any and all accrued and unpaid vacation, holidays or paid time-off (collectively, the "Accrued Union PTO") to which the Union Employees are entitled with respect to all periods of service up to and including the Closing Date under the policies and practices of the Seller or its Affiliates. Purchaser shall permit the Union Employees to use the Accrued Union PTO in accordance with the terms of the Collective Bargaining Agreement, if applicable, and otherwise in accordance with the terms of the Purchaser's policies and practices; provided that such Accrued Union PTO shall in all events be paid in full to each Union Employee at termination of employment or such other earlier time designated by the Purchaser to the extent unused. Subject to the Transition Services Agreement, as of the Leased Employee Termination Date, the Purchaser shall assume and be solely responsible for any and all liability or obligation to pay the accrued and unpaid vacation, holidays and paid time-off of all Leased Employees up to and including the Leased Employee Termination Date under the policies and practices of the Seller.

(k) WARN Obligations. In any termination or layoff of any Hired Employee by Purchaser after the Closing, Purchaser will comply fully, if applicable, with the WARN Act and all other applicable foreign, Federal, state and local laws, including those prohibiting discrimination and requiring notice to employees. Purchaser shall not at any time prior to ninety (90) days after the Closing Date, effectuate a "plant closing" or "mass layoff" as those terms are defined in the WARN Act affecting in whole or in part any Facility, site of employment, operating unit or employee of the Business without complying fully with the requirements of the WARN Act. Purchaser will bear the cost of compliance with (or failure to comply with) any such laws, rules or regulations after the Closing Date and related to Hired Employees. Seller will bear the cost of compliance with (or failure to comply with) the WARN Act with respect to any terminations of any Union Employee occurring on or prior to the Closing Date and with respect to terminations of any Leased Employee occurring on or prior to the Leased Employee Termination Date. Notwithstanding the above, no plant closing, reduction in operations, permanent or temporary shutdown of a single site of employment or mass lay off by Purchaser (as defined by the WARN Act) with respect to the Facilities or the Business acquired hereunder are contemplated by the Purchaser from the date after the Leased Employee Termination Date through the ninetieth (90<sup>th</sup>) day after the Leased Employee Termination Date.

(l) Welfare Plans. Except with respect to the Assumed Union Benefit Plans or as set forth in the Transition Services Agreement, Seller's Benefits Plans shall be liable for any and all claims for benefits by Seller's Employees, inactive employees or former employees (or any dependent or beneficiary thereof) for covered expenses incurred on or prior to the Closing Date and for all Leased Employees through the Leased Employee Termination Date. The Purchaser Benefit Plans shall be liable for any and all claims for benefits by the Hired Employees upon hiring of such Leased Employees by the Purchaser (or any dependent or beneficiary thereof) for covered expenses incurred on and after the Leased Employee Termination Date, except as provided in Section 5.2(f) above. For purposes hereof, a claim is incurred (i) with respect to a health care plan, when the service or supply is provided, and (ii) with respect to a disability plan, when the person is unable to work due to the disability.

(m) Non-Qualified Retirement, Deferred Compensation Plans and Severance Plans. Except as specifically provided herein or in the Transition Services Agreement, Purchaser is not assuming any liabilities or obligations of Seller for any retirement benefits or disability benefits to Seller's Employees, inactive employees or former employees, whether or not applicable to the Benefit Plans or any other benefit programs and agreements of Seller. Purchaser is not assuming any

liabilities or obligations of Seller for severance

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benefits to Seller's Employees who are terminated on or after the Closing Date; except as provided in Section 5.2(c) above or as specifically provided herein or in the Transition Services Agreement.

(n) Vacation, Sick Leave and Paid Time Off Plans (collectively the "PTO Plans"). Except as provided in Section 5.2(h) or in the Transition Services Agreement, Purchaser is not assuming any liabilities or obligation under any Seller PTO Plans. Except as provided in Section 5.2(h) or in the Transition Services Agreement, Seller's PTO Plans shall be liable for any and all claims for benefits by Seller's Employees, inactive employees or former employees for paid time taken on, prior to, or after the Closing Date and Purchaser's PTO Plans shall be liable for any and all claims for benefits by Hired Employees hired by Purchaser for paid time taken after the hiring of such former employees after the Closing Date.

(o) Workers' Compensation. Subject to the Transition Services Agreement, through the Leased Employee Termination Date, Seller's workers' compensation plans and/or programs shall be liable for any and all covered claims for workers' compensation benefits owed to the Leased Employees to the extent such claims are for injuries that occurred or diseases that are attributable to events applicable on or prior to the Leased Employee Termination Date, as applicable to such Leased Employee (the "Pre-Closing Workers Compensation Liabilities"). After the Leased Employee Termination Date, the Purchaser shall be responsible and liable for the Pre-Closing Workers Compensation Liabilities and the Purchaser's workers' compensation plans or programs shall be liable for any and all covered claims for workers' compensation benefits by Hired Employees to the extent such claims are for injuries that occurred or diseases that are attributable solely to events after the hiring of such former employees and their employment with the Purchaser after the Closing Date. After the Closing, Purchaser shall be responsible and liable for any and all covered claims for workers' compensation benefits owed to Union Employees or inactive or former employees of Seller to the extent such claims are for injuries that occurred or diseases that are attributable to events occurring or applicable on or prior to the Closing Date. Section 5.2(m) of the Disclosure Schedule is a list of all of Seller's Employees, inactive employees and former employees of Seller who filed for workers' compensation benefits which are still active or any and all persons who have filed applications for workers' compensation benefits which have not been concluded as of the Closing Date. Within thirty (30) days of the Closing Date, Purchaser shall replace the Seller LOC with a letter of credit that is supported by \$250,000 of the amount in the Indemnity Escrow Account; provided that (A) if such letter of credit is terminated or replaced prior to September 30, 2016, then such \$250,000 shall be deposited back into the Indemnity Escrow Account (so long as the Indemnity Escrow Account is still in place) within one (1) Business Day of the date such letter of credit is terminated or replaced and/or (B) if such letter of credit is terminated or replaced on or after September 30, 2016 (or such earlier date on which the Indemnity Escrow Account is no longer in place), then such \$250,000 shall be paid by Purchaser to Seller (by wire transfer of immediately available funds to an account designated in writing by Seller) within one (1) Business Day of the date such letter of credit is terminated or replaced. Purchaser shall use commercially reasonable efforts to assist Seller in releasing (to Seller) all of the cash collateral or other amounts securing the Seller LOC.

### 5.3 Confidentiality.

(p) General. Pursuant to the terms of this Agreement, Purchaser and Seller (in such capacity, the "Disclosing Party") has disclosed and will be disclosing to the other party hereto, and to its Affiliates and to their respective officers, directors, employees, agents and/or representatives (in such capacity, the "Receiving Party") certain secret, confidential or proprietary data, trade secrets, know-how, intellectual property and related information, including, without limitation, operating methods and procedures, marketing, manufacturing, distribution and sales methods and systems, sales figures, pricing policies and price lists and other business information ("Confidential Information"). Subject to the other terms and conditions of this Section 5.3, the Receiving Party (i) shall make no use of any Confidential Information of the Disclosing Party except in the exercise of its rights and the performance of its obligations set forth in this Agreement or the Related Agreements, (ii) shall keep and hold as confidential, and shall cause its officers, directors, employees,

agents and representatives to keep and hold as confidential, all Confidential Information

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of the Disclosing Party, and (iii) shall not disclose, and shall cause its officers, directors, employees, agents and representatives not to disclose, any Confidential Information of the Disclosing Party. Confidential Information disclosed by the Disclosing Party shall remain the sole and absolute property of the Disclosing Party, subject to the rights granted in this Agreement or the Related Agreements.

(q) Exceptions. The restrictions set forth in Section 5.3(a) above on the use and disclosure of Confidential Information shall not apply to any information which (i) is already known to the Receiving Party at the time of disclosure by the Disclosing Party (other than Confidential Information which forms a part of the Purchased Assets), as demonstrated by competent proof (other than as a result of prior disclosure under any agreement between the parties hereto with respect to confidentiality), (ii) is or becomes generally available to the public other than through any act or omission of the Receiving Party in breach of this Agreement or the Related Agreements or (iii) is acquired by the Receiving Party from a third party who is not, directly or indirectly, under an obligation of confidentiality to the Disclosing Party with respect to same. In addition, nothing in this Section 5.3 shall be interpreted to limit the ability of either party to use or disclose its own Confidential Information in any manner to any other Person.

(r) Permitted Disclosures. It shall not be a breach of Section 5.3(a) if a Receiving Party discloses Confidential Information of a Disclosing Party (i) pursuant to a binding requirement of Applicable Law or a Governmental Authority, or (ii) in a judicial, administrative, arbitration or court proceeding to enforce such party's rights under this Agreement. In such event, the Receiving Party shall (A) provide the Disclosing Party with as much advance written notice as possible of the required disclosure, (B) reasonably cooperate with the Disclosing Party in any attempt to prevent or limit the disclosure, and (C) limit disclosure, if any, to the specific purpose at issue.

(s) Confidential Terms. Each party acknowledges and agrees that the terms and conditions of this Agreement shall be considered Confidential Information of each party and shall be treated accordingly. Notwithstanding the foregoing, each party acknowledges and agrees that the other may be required to disclose some or all of the information included in this Agreement in order to comply with its obligations under securities laws or the rules or regulations of any securities exchange or market on which the disclosing party's or its Affiliate's stock is traded. Provided any such hereinafter identified parties are advised of the confidentiality provisions herein, nothing in this Section 5.3 shall prevent or restrict a Receiving Party from disclosing any Confidential Information (including the terms and conditions of this Agreement) to attorneys, accountants, consultants, representatives or other professionals to the extent necessary to obtain their services in connection with this Agreement, any of the Related Agreements or the transactions contemplated hereby or thereby (including in connection with the enforcement of any right or exercise of any remedy relating to this Agreement, any of the Related Agreements or the transactions contemplated hereby or thereby).

(t) Equitable Remedies. Each party specifically recognizes that any breach by it of this Section 5.3 may cause irreparable injury to the other parties and that actual damages may be difficult to ascertain, and in any event, may be inadequate. Accordingly (and without limiting the availability of legal or equitable, including injunctive, remedies under any other provisions of this Agreement), each party agrees that in the event of any such breach, the other parties shall be entitled to seek, by way of private litigation in the first instance, injunctive relief and such other legal and equitable remedies as may be available.

5.4 Public Announcements. Purchaser and Seller will consult with each other before issuing any press release or otherwise making any public statements or disclosures with respect to the transactions contemplated by this Agreement, including the terms hereof, and no party shall, without the prior written consent of the other party, issue any such press release or make any such public statement, except as may be required by Applicable Law; provided that nothing in this Agreement (including this Section 5.4 or Section 5.3) shall prevent or restrict Seller, after the Closing, from



making any announcement or disclosure to, or communicating with, employees of Seller (including any announcement, disclosure or communication with respect to the transactions contemplated by this Agreement, including the terms hereof).

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5.5 Transfer Taxes. All federal, state, local, non-U.S. transfer, excise, sales, use, value added, registration, stamp, recording, property and similar Taxes or fees applicable to, imposed upon, or arising out of any transaction contemplated by this Agreement shall be paid one-half by Purchaser and one-half by Seller.

5.6 Non-Competition.

(a) Subject to Section 5.6(c), for a period beginning on the Closing Date and ending on the fifth (5<sup>th</sup>) anniversary of the Closing Date, Seller and all of its shareholders covenant and agree that they shall not, directly or indirectly within a seven hundred fifty (750) mile radius of any Facility (the "Territory") own, operate, construct or lease a facility that competes with the Business.

(b) Subject to Section 5.6(c), for a period beginning on the Closing Date and ending on the fifth (5<sup>th</sup>) anniversary of the Closing Date, Seller and all of its shareholders covenant and agree that they shall not, within the Territory, directly or indirectly sell or solicit the sale of the products or services sold by the Business as of the Closing to any of the Customers identified in Section 3.24.

(c) Nothing set forth in Sections 5.6(a) or 5.6(b) shall prohibit or restrict Seller or any of its shareholders or any Affiliates of Seller or any of its shareholders from (i) owning or holding not in excess of 5% in the aggregate of any class of capital stock or other equity interests of any Person if such stock or equity interest is publicly traded or listed on any national or regional stock exchange or (ii) acquiring any Person (or any interest in any Person) that does not derive a significant portion of its revenues (5% or above) from activities that compete with the Business in the Territory.

(d) If the restrictions set forth in Sections 5.6(a) and 5.6(b) above or any part thereof should, for any reason whatsoever, be declared invalid by a court of competent jurisdiction, the validity or enforceability of the remainder of such restriction shall not thereby be adversely affected. Seller and its shareholders agree that the foregoing territorial/market and time limitations are reasonable and properly required for the adequate protection of the Purchaser and the Business and that in the event that any such territorial/market or time limitation is deemed to be unreasonable by a court of competent jurisdiction, then Seller and its shareholders agree and submit to the reduction of either said territorial/market or time limitation or both to such an area, market or period as said court shall deem reasonable. In the event that Seller or its shareholders should violate the aforementioned restrictive covenants in Sections 5.6(a) or 5.6(b), then the time limitation thereof with respect to such breaching party (but not any other party) shall be extended for a period of time equal to the period of time during which such breach or breaches shall have occurred; and in the event Purchaser be required to seek relief from such breach from any court, board of arbitration or other tribunal, then the covenant shall be extended with respect to such breaching party (but not any other party) for a period of time equal to the pendency of such proceedings, including all appeals.

(e) The covenants not to compete and not solicit set forth in Sections 5.6(a) and 5.6(b) are made in consideration of Purchaser and Seller undertaking their respective obligations pursuant to this Agreement and for no further consideration payable hereunder or otherwise.

5.7 Injunctive Relief. Seller and its shareholders acknowledge that the restrictions contained in Section 5.6 are reasonable and necessary to protect the legitimate interests of the Purchaser, and that any violations of any provision of Section 5.6 will result in irreparable injury to Purchaser and that, therefore, Purchaser shall be entitled to seek preliminary and permanent injunctive relief for violations of Section 5.6 and to seek an equitable accounting and payment to Purchaser of all earnings, profits and other benefits arising from such violation of Section 5.6 (including payment to Purchaser of Purchaser's reasonable

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outside attorneys' fees incurred in enforcing the provisions of Section 5.6), which rights shall be cumulative and in addition to any other rights or remedies to which the Purchaser may be entitled.

5.8 Name Change. Within one hundred eighty (180) days of the Closing Date, and only if all corporate records of the Mexican Entities have been delivered by Seller and Radar Mexican, Purchaser shall (and shall cause each of the Mexican Entities to) change the name of each of the Mexican Entities to a name that does not contain "Radar".

5.9 Baseline Environmental Assessments. After the Closing the Purchaser at its sole cost and expense may commission and pay for baseline environmental assessments ("BEAs") pursuant to and in compliance with Part 201 (Environmental Remediation) of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended, ("NREPA") and pursuant to and in further compliance with Section 324.20101 *et seq* of the Michigan Natural Resources and Environmental Protection Act, Public Act 451 of 1994 ("Part 201") and any other Applicable Laws, and/or asbestos surveys at any of the Facilities located in the state of Michigan ("Michigan Facility" or collectively "Michigan Facilities"). Any BEA or asbestos survey shall be conducted by PM Environmental, or such other environmental consultant as is mutually agreed upon by Purchaser and Seller ("Consultant"). Purchaser shall direct Consultant not to conduct any investigation of subsurface soil or groundwater, surface water or indoor or outdoor air ("Investigations") at the Michigan Facilities except where in Consultant's best professional judgment such Investigations are either (1) necessary to update an existing BEA related to a Michigan Facility; or (2) specifically recommended by PM Environmental in the Environmental Reports in connection with Recognized Environmental Conditions. In either case, Purchaser shall cause its Consultant to use its best efforts to narrowly tailor such Investigations to address such objectives. Purchaser shall provide Seller with a scope of work at least ten (10) business days prior to commencing any Investigations. Purchaser shall provide Seller with a draft of any BEA and all attachments thereto at least ten (10) business days prior to Purchaser's intended submittal of the BEA to the MDEQ and shall allow Seller to provide comments on the draft BEA prior to such submittal, such comments to be accepted or rejected by the Purchaser in its good faith reasonable discretion. Notwithstanding the foregoing, Purchaser shall, in good faith, consider Seller's reasonable comments and may incorporate such comments at its discretion into the BEA. Purchaser shall provide Seller with a final copy of the BEA prior to submittal to the MDEQ. Purchaser shall, upon Seller's request, furnish Seller with an updated list of any new Hazardous Substances used by Purchaser in connection with its operations on or about the Facilities after the Closing. Purchaser shall, upon Seller's request, furnish Seller with copies of any draft and final asbestos surveys conducted by Purchaser at any of the Michigan Facilities.

5.10 Fisher Litigation. Purchaser and Seller shall work together in good faith (in a commercially reasonable manner) to jointly defend and resolve the Fisher Litigation in a commercially reasonable manner that minimizes both the Fisher Assumed Liabilities and the Fisher Excluded Liabilities.

5.11 Tax Returns of the Mexican Entities. Purchaser shall file or cause to be filed when due all Tax Returns of the Mexican Entities that are required to be filed for taxable periods ending on or

before the Closing Date. Seller shall cooperate with Purchaser in connection with the preparation and execution of such Tax Returns of the Mexican Entities and shall remit or cause to be remitted to Purchaser any and all income Taxes shown as due on such Tax Returns of the Mexican Entities to the extent (and only to the extent) that the amount owed exceeds the amount of the VAT Tax receivable owed to the Mexican Entities. Any Tax Return to be prepared pursuant to the provisions of this Section 5.11 shall be prepared in a manner consistent with practices followed in prior years with respect to similar Tax Returns, except for changes required by changes in any law, rule or regulation.

5.12 Written Off Receivables. Any receivables written off the books by the Seller or any of the Affiliates on or before the Closing Date including but not limited to those identified on Section 5.12 of the

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Disclosure Schedule, shall not be pursued by Seller or any of its Affiliates for collection purposes or otherwise, and Purchaser shall retain any and all recoveries related thereto.

5.13 Siess Severance. Purchaser shall pay Seller fifty percent (50%) of any and all severance or other amounts owed by Seller to Brian Siess as a result of the termination of the employment of Brian Siess with Seller (including any and all severance or other amounts owed by Seller as a result of the termination of the employment of Brian Siess with Seller pursuant to that certain Agreement, dated November 16, 2005, between Seller and Brian Siess).

5.14 Palace Agreement. Purchaser shall pay Seller fifty percent (50%) of any and all costs, fees or expenses owed by Seller pursuant to the Palace Agreement. Purchaser and Seller shall work together in good faith and use commercially reasonable efforts to terminate the Palace Agreement in a manner that minimizes the costs, fees or expenses of Seller.

#### ARTICLE VI

[INTENTIONALLY OMITTED]

#### ARTICLE VII

[INTENTIONALLY OMITTED]

#### ARTICLE VIII

### SURVIVAL AND REMEDY; INDEMNIFICATION

#### 8.1 Survival.

(a) Except as provided in Section 8.1(b) below, (i) the representations and warranties of Seller and Radar Mexican contained herein shall survive the execution of this Agreement and the Closing Date for a period ending on the date that is twenty-four (24) months after the Closing Date, at which time such representations and warranties shall terminate and thereafter be of no force and effect and (ii) the related agreements in this Article VIII to indemnify Purchaser or the other Purchaser Indemnified Parties for breaches of or inaccuracies in representations and warranties set forth herein shall survive and continue for, and all indemnification claims with respect thereto, shall be made on or prior to the date that is twenty-four (24) months after the Closing Date; provided, however, that in the case of representations and warranties and related indemnities for which an indemnification claim shall be pending as of the date that is twenty-four (24) months after the Closing Date, such indemnities shall survive with respect to such indemnification claim until the final disposition thereof.

(b) (i) Notwithstanding the above, the representations and warranties of Seller set forth in the following Sections of this Agreement shall survive until one (1) day after the expiration of the applicable statute of limitations: Section 3.1 (Due Incorporation), Section 3.2 (Due Authorization), Section 3.6 (Title), Section 3.7 (Taxes), Section 3.13 (Employee Benefits) and Section 3.21 (Fraudulent Conveyance) (the "Special Representations and Warranties").

(ii) The representations and warranties of Purchaser contained herein shall survive the

execution of this Agreement and the Closing Date for a period of twenty-four (24) months after the Closing.

(c) After the timeframes set forth in Sections 8.1(a) and 8.1(b) above, neither Seller nor Radar Mexican nor Purchaser shall be under any obligation or liability whatsoever (including pursuant to this

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Article VIII) with respect to any such representation or warranty. No Indemnitee shall have any right to assert any claims against an Indemnitor with respect to any Loss, cause of action or other claim to the extent it is (i) primarily a possible or potential Loss, cause of action or claim that such Indemnitee believes may be asserted rather than a Loss, cause of action or claim that has, in fact, been asserted in writing or filed of record against such Indemnitee or one of its Affiliates or paid or incurred by such Indemnitee or one of its Affiliates or (ii) a Loss, cause of action or claim with respect to which an Indemnitee or any of its Affiliates (or in the case of a Purchaser Indemnified Party, any other Purchaser Indemnified Party) has taken action detrimental to the Indemnitor (or caused action to be taken), without the consent of the Indemnitor, to accelerate the time period in which such matter is asserted or payable.

(d) The agreements of the Seller or Radar Mexican regarding the Excluded Liabilities, or the breach or non-performance of or by Seller or Radar Mexican of any agreement, covenant or obligation to be performed by Seller or Radar Mexican which is contained in this Agreement, and the agreements of the Purchaser regarding the Assumed Liabilities, or the breach or non-performance of or by the Purchaser of any agreement, covenant or obligation to be performed by the Purchaser which is contained in this Agreement, shall survive until the expiration of the applicable statute of limitations.

8.2 Indemnification by Seller. Subject to the terms, conditions and limitations set forth in this Article VIII, from and after the Closing, Seller shall defend and indemnify Purchaser and its Affiliates, and each of their respective officers, directors, partners, trustees, employees, stockholders, representatives and agents (each, a "Purchaser Indemnified Party" and collectively, the "Purchaser Indemnified Parties"), against, and agrees to hold them harmless from, any and all Losses incurred or suffered by Purchaser or any of the other Purchaser Indemnified Parties (or any combination thereof) arising out of (a) any breach of or any inaccuracy in any representation or warranty made by Seller or its Affiliates pursuant to Article III of this Agreement, (b) any breach of or failure by Seller or its Affiliates to perform any agreement, covenant or obligation of Seller set out in this Agreement, and (c) any and all Excluded Liabilities. For the avoidance of doubt, the representations, warranties and statements set forth in Article III shall be considered representations and warranties and shall not be considered agreements, covenants or obligations.

8.3 Indemnification by Purchaser. Purchaser shall defend and indemnify Seller and its Affiliates, and each of their respective officers, directors, partners, trustees, employees, stockholders, representatives and agents (each, a "Seller Indemnified Party" and collectively, the "Seller Indemnified Parties"), against, and agrees to hold them harmless from, any and all Losses incurred or suffered by Seller or any of the other Seller Indemnified Parties (or any combination thereof) arising out of (i) any breach of or any inaccuracy in any representation or warranty made by Purchaser pursuant to Article IV of this Agreement or any Related Agreement; (ii) any breach of or failure by Purchaser to perform any agreement, covenant or obligation of Purchaser set out in this Agreement; (iii) any and all Assumed Liabilities; (iv) any acts or omissions by Purchaser and any obligations and liabilities in respect of the Purchaser after the Closing; (v) subject to the representations and warranties herein, the Collective Bargaining Agreement after the Closing (or as a result of or in connection with the transactions contemplated by this Agreement or the Related Agreements); and (vi) except as otherwise expressly mutually agreed to in writing by the parties hereto, the termination of any employees of Seller (or the hiring of any former employee of Seller) pursuant to this



Agreement or in connection with the transactions contemplated by this Agreement or the Related Agreements.

8.4 Third-Party Claims. Except as otherwise provided in this Agreement, the following procedures shall be applicable with respect to indemnification pursuant to this Article VIII relating to or arising out of claims, actions or demands by Governmental Authorities or other third parties. Promptly after receipt by any Purchaser Indemnified Party or Seller Indemnified Party seeking indemnification hereunder (the "Indemnitee") of notice of the commencement of any (or the discovery of any facts or conditions that

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could be reasonably expected to give rise to any) (a) Tax audit or proceeding for the assessment of any Tax by any Taxing authority or any other proceeding likely to result in the imposition of a liability or obligation for Taxes or (b) any action or the assertion of any claim, demand, liability, obligation, Loss or matter by a Governmental Authority or other third party (whether by legal process or otherwise), against which claim, demand, liability, obligation, Loss or matter an Indemnitor is, or may be, required under this Agreement to indemnify such Indemnitee (a “Third Party Claim”), the Indemnitee will, if a claim thereon is to be, or may be, made against the Indemnitor pursuant to this Article VIII, promptly notify the Indemnitor in writing of the commencement or assertion thereof, including the amount and specific factual and legal basis for such Third Party Claim, and give the Indemnitor a copy of such Third Party Claim, process and all legal pleadings and other written evidence thereof, including copies of all written material relating thereto (and such notice shall also specify the Section(s) of this Agreement upon which the Indemnitee is relying in seeking such indemnification (including the representation, warranty, agreement, covenant or obligation that has been breached or violated or that is inaccurate)). The Indemnitor shall have, in all instances, the right to participate in the defense of such Third Party Claim with its own counsel. The Indemnitor shall have the right to assume and control the defense of such Third Party Claim unless such Third Party Claim is reasonably likely to result in (a) mandatory injunctions materially impacting the Indemnitee’s on-going operation of the Business or its other businesses, or (b) liabilities which, taken with other then-existing claims under this Article VIII, would not be fully indemnified hereunder. The Indemnitor shall have twenty (20) days, after receipt of written notice from the Indemnitee of such Third Party Claim to assume the defense thereof. If the Indemnitor does assume such defense, it will, within such twenty (20) days, so notify the Indemnitee and (a) the Indemnitor shall not be liable to the Indemnitee (and the Indemnitee shall not be entitled to indemnification or recovery) for legal expenses subsequently incurred by the Indemnitee in connection with such Third Party Claim, (b) the Indemnitee shall not, without the Indemnitor’s prior written consent, settle or compromise such Third Party Claim, and (c) the Indemnitor shall control such defense, including any settlement or compromise of such Third Party Claim. If the Indemnitor does not assume such defense and so notifies the Indemnitee, or if the Indemnitor is barred from assuming such defense pursuant to this Section 8.4, then the Indemnitee shall have the right to assume such defense, subject to the participation of the Indemnitor, as provided in this Section 8.4. In any case, the Indemnitor and Indemnitee shall cooperate and assist each other in such defense, and shall make available to the other all records, documents, employees and information (written or otherwise) relevant to such defense. Prior to paying any claim against which an Indemnitor is, or may be, obligated under this Agreement to indemnify an Indemnitee, the Indemnitee must first supply the Indemnitor with a copy of either a settlement approved in writing by Indemnitor in advance or a final non-appealable court judgment or decree, or evidence of assessment of Taxes or a similar final non-appealable action by a Taxing authority, holding the Indemnitee liable on such claim or failing such final non-appealable judgment or decree, must first receive the written approval of the terms and conditions of such settlement from the Indemnitor which consent shall not be unreasonably withheld. The Indemnitee shall not settle or compromise a Third Party Claim without the prior written consent of the Indemnitor; provided that the Indemnitor’s consent shall not be required for settlements (a) which consist solely of non-monetary equitable remedies in respect of the Indemnitee or its business, or (b) that result in payments by the Indemnitee which, taken with other then existing claims under this Article VIII,

would not be subject to indemnification hereunder (and for any such Third Party Claim which Purchaser or any other Purchaser Indemnified Party settles without the prior written consent of the Seller, the Seller shall have no liability or obligation with respect thereto); provided that any such payments (or the Losses related thereto) shall not be aggregated or counted for purposes of determining whether (A) the Threshold Amount has been reached or exceeded under Section 8.6(a)(ii), (B) the Deductible Amount has been reached or exceeded under Section 8.6(a)(iii) or (C) the Excluded Amount has been reached or exceeded under Section 8.6(a)(vii). An Indemnitor shall have the authority to settle or compromise any Third Party Claim for which it has assumed or conducted the defense pursuant to this Section 8.4; provided, that an Indemnitor shall not settle or compromise any such claim if such settlement or compromise would result in a non-monetary injunction or other non-monetary equitable remedy in respect

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of the Indemnitee or would result in liabilities which, taken together with other existing claims under this Article VIII, would not be fully indemnified hereunder; in each case, without the prior written consent of the Indemnitee, which consent will not be unreasonably withheld, conditioned or delayed. Notwithstanding anything to the contrary in this Agreement, if the Indemnitor is not given the opportunity to assume and control the defense of a Third Party Claim pursuant to this Section 8.4 (or the Indemnitee settles or compromises a Third Party Claim (without the prior written consent of the Indemnitor) for which the Indemnitor has assumed the defense), then such Indemnitor shall not have any liability or obligation for (or relating to) such Third Party Claim under this Article VIII and such Indemnitee shall not be entitled to indemnification or recovery for such Third Party Claim under this Article VIII. An Indemnitee shall have the right to employ its own counsel in any Third Party Claim, but the fees and expenses of such counsel shall be at the expense of the Indemnitee, unless (x) the employment of such counsel shall have been authorized in writing by the Indemnitor in connection with the defense of such Third Party Claim or (y) the Indemnitor shall not have assumed the defense, or shall be barred from assuming the defense, of such Third Party Claim pursuant to this Section 8.4; or (z) the Indemnitee obtained separate counsel due to a conflict situation.

8.5 Procedure for Other Claims. In the event that any Indemnitee believes that it is entitled to claim indemnification from an Indemnitor under this Article VIII and such claim is not a Third Party Claim subject to Section 8.4, the Indemnitee shall notify the Indemnitor in writing of such claim, the amount or estimated amount thereof and the specific factual and legal basis for such claim (which will be described in reasonable detail and shall include the specific Section(s) of this Agreement upon which the Indemnitee is relying in seeking such indemnification (including the representation, warranty, agreement, covenant or obligation that has been breached or violated or that is inaccurate) and copies of all written material supporting or relating to such claim). The Indemnitor and Indemnitee will proceed, in good faith, to attempt to agree on the amount (if any) of such indemnification claim. If they are unable to agree on the amount of such indemnification claim within thirty (30) days after such written notice, then the Indemnitee may attempt to pursue such remedies as may be available to such Indemnitee for such claim on the terms and subject to the provisions and limitations set forth in this Agreement.

#### 8.6 Indemnification Limits.

(e) The rights of the Purchaser Indemnified Parties (and the liability or obligation of the Seller) under this Article VIII (including Section 8.2) shall be subject to the following limitations:

(i) the Purchaser Indemnified Parties' right to seek indemnification or recovery (or be held harmless) with respect to Losses under Section 8.2(a) (arising out of any breach of or any inaccuracy in any representation or warranty made by Seller or its Affiliates pursuant to Article III of this Agreement) shall be limited solely to the amounts remaining in the Indemnity Escrow Account, and the Seller shall have no liability or obligation to any Purchaser Indemnified Party with respect to any such Losses other than by payments from the amounts remaining in the Indemnity Escrow Account; provided that the limitation in this Section 8.6(a)(i) shall not apply to any breach of the representations and warranties in Section 3.2 (Due Authorization), Section 3.6 (Title), and Section 3.21 (Fraudulent Conveyance);

(ii) no Purchaser Indemnified Party shall have any right to indemnification or recovery (or to be held harmless) for (and Seller shall have no liability or obligation for) Losses under Section 8.2(a) (arising out of any breach of or any inaccuracy in any

representation or warranty made by Seller or its Affiliates pursuant to Article III of this Agreement) for any individual item, or group of items arising out of the same matter, condition or circumstance, where such Losses for which any Purchaser Indemnified Party would otherwise be entitled to indemnification or recovery are less than \$10,000 (the "Threshold Amount"), at which point the Purchaser Indemnified Parties shall be entitled, subject to the other provisions, limitations and conditions of this Article VIII (including Section 8.2

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and this Section 8.6), to seek indemnification for all Losses from Dollar One pertaining to such claim; and no such Losses shall be aggregated or counted for purposes of determining whether the Deductible Amount has been reached or exceeded under Section 8.6(a)(iii) until such Losses exceed \$100,000; provided that the limitation in this Section 8.6(a)(ii) shall not apply to any breach of the Special Representations and Warranties or Excluded Liabilities; provided further that Losses with respect to any breach of or any inaccuracy in the Special Representations and Warranties shall not be aggregated or counted for purposes of determining whether (A) the Threshold Amount has been reached or exceeded under this Section 8.6(a)(ii) or (B) the Deductible Amount has been reached or exceeded under Section 8.6(a)(iii) for purposes of the other representations and warranties hereunder;

(iii) no Purchaser Indemnified Party shall have any right to indemnification or recovery (or to be held harmless) for (and Seller shall have no liability or obligation for) Losses under Section 8.2(a) (arising out of any breach of or any inaccuracy in any representation or warranty made by Seller or its Affiliates pursuant to Article III of this Agreement) , unless and until the aggregate of all such Losses for which the Purchaser Indemnified Parties would otherwise be entitled to indemnification under Section 8.2(a) (arising out of any breach of or any inaccuracy in any representation or warranty made by Seller or its Affiliates pursuant to Article III of this Agreement) exceeds on a cumulative basis an amount equal to \$450,000 (the “Deductible Amount”), at which point the Purchaser Indemnified Parties shall be entitled, subject to the other provisions, limitations and conditions of this Article VIII (including Section 8.2 and this Section 8.6), to seek indemnification for all such Losses that are in excess of the Deductible Amount (but not the Losses up to the Deductible Amount) up to the amount remaining in the Indemnity Escrow Account in the case of Losses under Section 8.2(a), which is the maximum aggregate amount of Losses that may be recovered by the Purchaser Indemnified Parties pursuant to Section 8.2(a); provided that the limitation in this Section 8.6(a)(iii) shall not apply to any breach of the Special Representations and Warranties or Excluded Liabilities; provided further that Losses with respect to any breach of or any inaccuracy in the Special Representations and Warranties shall not be aggregated or counted for purposes of determining whether (A) the Threshold Amount has been reached or exceeded under Section 8.6(a)(ii) or (B) the Deductible Amount has been reached or exceeded under this Section 8.6(a)(iii) for purposes of the other representations and warranties hereunder;

(iv) any indemnification or recovery by any Purchaser Indemnified Party with respect to Losses under this Article VIII (including Section 8.2) shall first be satisfied from the amounts remaining in the Indemnity Escrow Account (and Seller shall have no liability or obligation under this Article VIII (including Section 8.2) unless and until the amount of Losses for which the Purchaser Indemnified Parties are entitled to indemnification pursuant to Section 8.2 exceeds the amounts remaining the Indemnity Escrow Account;

(v) Seller shall have no liability or obligation to any Purchaser Indemnified Party or any other Person under this Agreement (including for any Losses under Section 8.2) in excess of an amount equal to the cash portion of the Purchase Price that the Seller actually receives pursuant to this Agreement; and Purchaser will have no liability or obligation to any Seller Indemnified Party or any other Person under this Agreement (including for any Loss under Section 8.3) in excess of the Purchase Price;

(vi) no Purchaser Indemnified Party shall have any right to indemnification or recovery (or to be held harmless) for (and Seller shall have no liability or obligation for) Losses under this Article VIII (including Section 8.2) (A) if any Purchaser Indemnified Party had actual knowledge of the facts, circumstances or matters giving rise to the applicable Loss, breach, inaccuracy, violation, liability or matter on or prior to the Closing Date, (B) to the extent such Losses would duplicate any amount included or taken into account in the calculation or determination of the Closing Net Purchase Price (or the Additional Purchase Price Amount or Purchase Price Reduction Amount), including the amount of any reserve,

provision or allowance (in the form of an accrued liability or an offset to an

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asset or similar item) that was reflected or taken into account in the Closing Balance Sheet or the calculation or determination of the Closing Net Purchase Price (or the Additional Purchase Price Amount or Purchase Price Reduction Amount, (C) arising out of or relating to any Contamination discovered or any Environmental Claim arising as a result of any Investigations conducted by or at the direction of Purchaser other than such Investigations which are (x) required by Environmental Laws; (y) undertaken at the written direction of a Governmental Authority; or (z) undertaken pursuant to and in compliance with Section 5.9 of this Agreement, or (D) arising from or related to any Response Action conducted to a cleanup standard more stringent than the least stringent applicable industrial cleanup standard, taking into account restrictive use covenants and engineering controls, permitted by Governmental Authorities; and no Losses related to any of the foregoing shall be aggregated or counted for purposes of determining whether (x) the Threshold Amount has been reached or exceeded under Section 8.6(a)(ii), (y) the Deductible Amount has been reached or exceeded under Section 8.6(a)(iii) or (z) the Excluded Amount has been reached or exceeded under Section 8.6(a)(vii); and

(vii) no Purchaser Indemnified Party shall have any right to indemnification or recovery (or to be held harmless) for (and Seller shall have no liability or obligation for) Losses under Section 8.2(c) (arising out of any and all Excluded Liabilities), unless and until the aggregate of all such Losses for which the Purchaser Indemnified Parties would otherwise be entitled to indemnification under Section 8.2(c) (arising out of any and all Excluded Liabilities) exceeds on a cumulative basis an amount equal to \$50,000 (the “Excluded Amount”), at which point the Purchaser Indemnified Parties shall be entitled, subject to the other provisions, limitations and conditions of this Article VIII (including Section 8.2 and this Section 8.6), to seek indemnification for all such Losses that are in excess of the Excluded Amount (but not the Losses up to the Excluded Amount); provided that the limitation in this Section 8.6(a)(vii) shall not apply to any Transaction Expenses, Chrysler Payables, bank debt, secured debt, shareholder debt or non-working capital debt or liabilities; provided further that Losses with respect to any Transaction Expenses, Chrysler Payables, bank debt, secured debt, shareholder debt or non-working capital debt or liabilities shall not be aggregated or counted for purposes of determining whether the Excluded Amount has been reached or exceeded under this Section 8.6(a)(vii).

(f) Any amounts payable under Section 8.2 or Section 8.3 shall be treated by Purchaser and Seller as an adjustment to the Purchase Price, unless otherwise required by Applicable Law. The amount of any Losses under this Agreement (including this Article VIII) shall be calculated after giving effect to (and shall be reduced by) (i) any proceeds received or receivable from insurance policies covering the damage, Loss, liability, matter or expense that is the subject to the claim for indemnity, (ii) any proceeds received from third parties, through indemnification, counterclaim, reimbursement arrangement, contract or otherwise in compensation for or relating to the subject matter of an indemnification claim by such Indemnatee (such arrangements referenced in clauses (i) through (ii) in this Section 8.6(b), collectively, “Alternative Arrangements”), and (iii) the Tax Advantage to the Indemnatee resulting from, or as a consequence of, the damage, Loss, liability or expense that is the subject of the indemnity.

(g) Purchaser and each of the other Purchaser Indemnified Parties shall utilize its commercially reasonable efforts, consistent with normal practices and policies and good commercial practice, to mitigate any amounts payable under this Article VIII (including Section 8.2), including pursuing any and all other rights and remedies to (i) collect any proceeds pursuant to Alternative Arrangements covering the Loss that is the subject to the claim for indemnity and (ii) obtain the Tax Advantage to the Indemnatee resulting from the Loss that is the subject of the indemnity. If any such proceeds, benefits or recoveries are received by Purchaser or any other Purchaser Indemnified Party with respect to any Losses after Purchaser or any other Purchaser Indemnified Party has received any



indemnification payments from Seller, Purchaser shall promptly, but in any event no later than ten (10) Business Days after the receipt, realization or recovery of

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such proceeds, benefits or recoveries, pay such proceeds, benefits or recoveries to Seller. Upon making a payment to Purchaser or any other Purchaser Indemnified Party in respect of any Losses, Seller will, to the extent of such payment, be subrogated to all rights of Purchaser (or other Purchaser Indemnified Party) pursuant to Alternative Arrangements or against any third party in respect of the Losses to which such payment relates. Purchaser and each other Purchaser Indemnified Party shall execute upon request all instruments reasonably necessary to evidence or further perfect such subrogation rights. Each party hereby waives any subrogation rights that its insurer may have with respect to any indemnifiable Losses.

8.7 Exclusive Remedy. Subject to all Applicable Laws and/or Governmental Authorities, which shall continue to apply after the Closing, from and after the Closing, the indemnification provisions of this Article VIII shall be the sole and exclusive remedy with respect to any and all claims, damages or Losses arising out of or relating to this Agreement, the negotiation and execution of this Agreement or any contract or document (other than the Real Property Leases, the Transition Services Agreement or the Employment Offers) entered into pursuant to this Agreement (except to the extent otherwise expressly set forth therein), the performance by the parties hereto of this Agreement or any such contract or Purchaser's (or Purchaser's Nominee's) investigation of the Seller, Radar Mexican, either of the Mexican Entities (or the assets, liabilities or operations of either of the Mexican Entities), the Business, the Purchased Assets, the Facilities or the Assumed Liabilities, and no other remedy shall be had pursuant to any contract, misrepresentation, strict liability or tort theory or otherwise by any party hereto (or any Purchaser Indemnified Party) or its officers, directors, employees, agents, Affiliates, attorneys, consultants, insurers, successors and assigns. In addition to the foregoing, but subject to all Applicable Laws, and Governmental Authorities, the amount of indemnification obligations of the Seller set forth in this Article VIII shall be the maximum amount of indemnification obligations of Seller or Radar Mexican or any of their respective Affiliates, officers, directors, partners, trustees, employees, stockholders, representatives or agents arising in connection with this Agreement or the transactions contemplated by this Agreement (including the negotiation and execution of this Agreement or any contract or document entered into pursuant to this Agreement (except to the extent otherwise expressly set forth therein), the performance by the parties hereto of this Agreement or any such contract or Purchaser's (or Purchaser's Nominee's) investigation of the Seller, Radar Mexican, either of the Mexican Entities (or the assets, liabilities or operations of either of the Mexican Entities), the Business, the Purchased Assets, the Facilities or the Assumed Liabilities), and Purchaser or Purchaser's Nominee (or any Purchaser Indemnified Party) shall not be entitled to a rescission of this Agreement (or any related contracts or agreements) or any further indemnification rights or claims of any nature whatsoever, all of which are hereby expressly waived by Purchaser and Purchase's Nominee (and each Purchaser Indemnified Party) to the fullest extent permitted under Applicable Law. The Purchaser Indemnified Parties shall be entitled to only a single recovery (without duplication) for indemnified Losses that arise in connection with the matter giving rise to a breach or violation of (or inaccuracy in) any representation, warranty, agreement, covenant or obligation, even if such matter shall involve breaches or violations (or inaccuracies) of multiple representations, warranties, agreements, covenants or obligations. Notwithstanding the foregoing, nothing in this Section 8.7 shall affect the ability of a party to seek non-monetary equitable relief, including specific performance, of a covenant set forth in this Agreement in accordance with the terms and conditions set forth in this Agreement.



**ARTICLE IX**

[INTENTIONALLY OMITTED]

**ARTICLE X  
MISCELLANEOUS**

10.1 Amendment. This Agreement may be amended, modified or supplemented only in a writing signed by Purchaser and Seller.

10.2 Notices. Any notice, request, instruction or other document to be given hereunder by a party hereto shall be in writing and shall be deemed to have been given, (i) when received if given in person or by courier or a courier service, (ii) on the date of transmission if sent by confirmed facsimile, (iii) on the next Business Day if sent by an overnight delivery service, or (iv) five (5) Business Days after being deposited in the U.S. mail, certified or registered mail, postage prepaid:

(a) If to Seller or Radar Mexican, addressed as follows:  
Radar Industries, Inc.  
27101 Groesbeck Hwy.  
Warren, Michigan 48089  
Attention: David Zmyslowski and Mark Zmyslowski  
Facsimile No.: 586-758-6445

with a copy to:

Foley & Lardner LLP  
500 Woodward Ave, Suite 2700  
Detroit, Michigan 48226  
Attention: Thomas Spillane and Omar Lucia  
Facsimile No.: 313-234-2800

(b) If to Purchaser, addressed as follows:  
Wentworth Acquisition LLC  
c/o Liverpool Coil Processing, Incorporated  
880 Steel Drive  
Valley City, Ohio 44280  
Attention: Ramzi Hermiz, President and Chief Executive Officer  
Facsimile No.: 734-354-3179

with a copy to:

Wegman, Hessler & Vanderburg  
6055 Rockside Woods Boulevard, Suite 200

Cleveland, Ohio 44131  
Attention: Steven E. Pryatel, Esq.  
Facsimile No.: 216-642-8826  
E-Mail: [sepryatel@wegmanlaw.com](mailto:sepryatel@wegmanlaw.com)

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or to such other individual or address as a party hereto may designate for itself by notice given as herein provided.

10.3 Waivers. The failure of a party hereto at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by a party of any condition or of any breach of any term, covenant, representation or warranty contained in this Agreement shall be effective unless in writing, and no waiver in any one or more instances shall be deemed to be a further or continuing waiver of any such condition or breach in other instances or a waiver of any other condition or breach of any other term, covenant, representation or warranty.

10.4 Electronic Delivery. This Agreement may be executed in counterparts and such counterparts may be delivered in electronic format (including by fax and email). All signatures of the parties to this Agreement may be transmitted by facsimile or .pdf attached to email, and such facsimile or .pdf attached to email will, for all purposes, be deemed to be the original signature of such party whose signature it reproduces, and will be binding upon such party. Such delivery of counterparts shall be conclusive evidence of the intent to be bound hereby and each such counterpart and copies produced therefrom shall have the same effect as an original. To the extent applicable, the foregoing constitutes the election of the Parties to invoke any law authorizing electronic signatures.

10.5 Interpretation. The headings preceding the text of Articles and Sections included in this Agreement and the headings to Sections of the Disclosure Schedule are for convenience only and shall not be deemed part of this Agreement or the Disclosure Schedule or be given any effect in interpreting this Agreement or the Disclosure Schedule. The use of the masculine, feminine or neuter gender herein shall not limit any provision of this Agreement. The use of the terms “including” or “include” shall in all cases herein mean “including, without limitation” or “include, without limitation,” respectively. As used in this Agreement, (a) the word “or” is not exclusive (and shall be construed in the inclusive sense of “and/or”), (b) the word “will” shall be construed to have the same meaning and effect as the word “shall”, (c) the terms “herein,” “hereof,” “hereby,” “hereto” or “hereunder” refer to this Agreement as a whole, (d) definitions of defined terms in Article I and elsewhere in this Agreement shall apply equally to both the singular and plural forms of the terms defined, and (e) references to “\$” refer to United States Dollars. If any action is to be taken or given on or by a particular calendar day, and such calendar day is not a Business Day, then such action may be deferred until the next Business Day. Underscored references to Articles, Sections, Exhibits or Schedules shall refer to those portions of this Agreement. Time is of the essence of each and every covenant, agreement and obligation in this Agreement. Neither Purchaser nor Seller nor Radar Mexican shall be deemed to be in breach of any covenant contained in this Agreement if such party’s deemed breach is the result of any action or inaction on the part of the other.

10.6 Applicable Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF MICHIGAN WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAW THEREOF.

10.7 Binding Agreement. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

10.8 Assignment. This Agreement and all of the provisions hereof shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns; provided that neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned (including by operation of law) by Purchaser without the prior written consent of Seller, which shall not be unreasonably withheld. For all purposes hereof, any transfer, sale or disposition of a majority of the capital

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stock or other voting interest of Purchaser after the Closing (whether by contract or otherwise) shall be deemed an assignment hereunder. Any purported assignment in contravention of this Section 10.8 shall be null and void.

10.9 Third Party Beneficiaries. This Agreement is solely for the benefit of the parties hereto and their Affiliates and no provision of this Agreement shall be deemed to confer upon third parties, either express or implied, any remedy, claim, liability, reimbursement, cause of action or other right. Notwithstanding the foregoing, the Purchaser Indemnified Parties and Seller Indemnified Parties are hereby made third party beneficiaries of this Agreement, with all of the rights, remedies, claims, liabilities, reimbursements, causes of action and other rights accorded such Persons under Article VIII.

10.10 Further Assurances. Upon the reasonable request of Purchaser or Seller, each party will on and after the Closing Date (at the requesting party's expense) execute and deliver to the other party such other documents, assignments and other instruments as may be reasonably required to effectuate completely the transactions contemplated hereby, and to effect and evidence the provisions of this Agreement and the Related Agreements and the transactions contemplated hereby.

10.11 Entire Understanding. The Exhibits, Schedules and Disclosure Schedule identified in this Agreement are incorporated herein by reference and made a part hereof. This Agreement and the Related Agreements set forth the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersedes any and all prior agreements, arrangements, representations and understandings among the parties with respect to such subject matter.

10.12 Jurisdiction of Disputes. IN THE EVENT ANY PARTY TO THIS AGREEMENT COMMENCES ANY LITIGATION, PROCEEDING OR OTHER LEGAL ACTION IN CONNECTION WITH OR RELATING TO THIS AGREEMENT, ANY RELATED AGREEMENT OR ANY MATTERS DESCRIBED OR CONTEMPLATED HEREIN OR THEREIN, WITH RESPECT TO ANY OF THE MATTERS DESCRIBED OR CONTEMPLATED HEREIN OR THEREIN, THE PARTIES TO THIS AGREEMENT HEREBY (A) AGREE THAT ANY LITIGATION, PROCEEDING OR OTHER LEGAL ACTION SHALL BE INSTITUTED IN and prosecuted in its entirety exclusively in A COURT OF COMPETENT JURISDICTION LOCATED WITHIN THE CITY OF DETROIT, STATE OF MICHIGAN OR APPLICABLE FEDERAL COURT WITHIN SUCH JURISDICTION; (B) AGREE THAT IN THE EVENT OF ANY SUCH LITIGATION, PROCEEDING OR ACTION, SUCH PARTIES CONSENT AND SUBMIT TO THE EXCLUSIVE PERSONAL JURISDICTION AND VENUE IN ANY SUCH COURT DESCRIBED IN CLAUSE (A) OF THIS SECTION 10.12 AND TO SERVICE OF PROCESS UPON THEM IN ACCORDANCE WITH THE RULES AND STATUTES GOVERNING SERVICE OF PROCESS OR IN THE MANNER SET FORTH IN SECTION 10.2; (C) WAIVE TO THE FULL EXTENT PERMITTED BY LAW ANY OBJECTION THAT THEY MAY NOW OR HEREAFTER HAVE TO THE VENUE OR FORUM OF ANY SUCH LITIGATION, PROCEEDING OR ACTION IN ANY SUCH COURT OR THAT ANY SUCH LITIGATION, PROCEEDING OR ACTION WAS BROUGHT IN AN INCONVENIENT FORUM; (D) AGREE THAT SUCH PARTIES WILL NOT



ATTEMPT TO REMOVE ANY SUCH ACTION TO ANY OTHER VENUE, FORUM OR JURISDICTION, (E) AGREE AS AN ALTERNATIVE METHOD OF SERVICE TO SERVICE OF PROCESS IN ANY LEGAL PROCEEDING BY MAILING OF COPIES THEREOF TO SUCH PARTY AT ITS ADDRESS (AND IN THE MANNER) SET FORTH IN SECTION 10.2 FOR COMMUNICATIONS TO SUCH PARTY; (F) AGREE THAT ANY SERVICE MADE AS PROVIDED HEREIN SHALL BE EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT; AND (G) AGREE THAT NOTHING HEREIN SHALL AFFECT THE RIGHTS OF ANY PARTY TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

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10.13 WAIVER OF JURY TRIAL. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (iv) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.13.

10.14 Disclosure Schedule. The disclosures in the Disclosure Schedule are to be taken as relating to the representations and warranties of Seller or Radar Mexican as a whole, notwithstanding the fact that the Disclosure Schedule is arranged by sections corresponding to the sections in this Agreement or that a particular section of this Agreement makes reference to a specific section of the Disclosure Schedule and notwithstanding that a particular representation and warranty may not make a reference to the Disclosure Schedule (or that a cross reference to another Section of this Agreement or the Disclosure Schedule may not be included). The inclusion of information in the Disclosure Schedule shall not be construed as an admission that such information is material to any of Seller, Radar Mexican, either of the Mexican Entities or the Business (or the Purchased Assets, the Facilities or the Assumed Liabilities) and no information contained in the Disclosure Schedule will be deemed to be an admission by Seller, Radar Mexican or either of the Mexican Entities of any violation of any Applicable Law, breach of contract or other matter. In addition, matters reflected in the Disclosure Schedule are not necessarily limited to matters required by this Agreement to be reflected in the Disclosure Schedule. Such additional matters are set forth for informational purposes only and do not necessarily include other matters of a similar nature. Neither the specifications of any dollar amount in any representation or warranty contained in this Agreement nor the inclusion of any specific item in the Disclosure Schedule is intended to imply that such amount, or higher or lower amounts, or the item so included or other items, are or are not material, and no party shall use the fact of the setting forth of any such amount or the inclusion of any such item in any dispute or controversy between the parties as to whether any obligation, item or matter not described herein or included in the Disclosure Schedule is or is not material for purposes of this Agreement. Further, neither the specification of any item or matter in any representation or warranty contained in this Agreement nor the inclusion of any specific item in the Disclosure Schedule is intended to imply that such item or matter, or other items or matters, are or are not in the ordinary course of business, and no party shall use the fact of setting forth or the inclusion of any such items or matter in any dispute or controversy between the parties as to whether any obligation, item or matter not described herein or included in the Disclosure Schedule is or is not in the ordinary course of business for purposes of this Agreement.

10.15            Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the parties agree that the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term

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or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed.

10.16 Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, the language shall be construed as mutually chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

10.17 Counterparts. This Agreement may be executed in counterparts, all of which shall be considered an original and one and the same agreement and shall become effective when counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

10.18 Access to Books and Records. From and after the Closing, during regular business hours and with reasonable prior notice, Purchaser shall provide Seller with access to the books and records of the Business (or otherwise relating to the Purchased Assets or the Mexican Entities) as Seller shall request in connection with a Seller's reasonable need for such records in connection with Tax or other financial accounting matters provided such access will not interfere with Purchaser's operation of the Business.

10.19 Litigation Assistance. Purchaser and Seller shall reasonably cooperate with and assist each other in the prosecution and defense of any litigation arising out of the operation of the Business and shall agree in good faith on a written procedure relating to such cooperation and assistance; provided that (a) Seller shall have no obligation pursuant to this Section 10.19 in connection with any litigation or matter for which Purchaser or any other Purchaser Indemnified Party has asserted a claim for indemnification against Seller and (b) Purchaser shall have no obligation pursuant to this Section 10.19 in connection with any litigation or matter for which Seller or any other Seller Indemnified Party has asserted a claim for indemnification against Purchaser. Any party requesting the assistance of any other party hereto shall pay the assisting party its reasonable out of pocket costs and expenses incurred by the assisting party (including, but not limited to, attorney and other professional fees, travel costs and expenses) relating to such cooperation and assistance. In the event that any requested cooperation shall entail any extended travel or absence of any parties' employees from their customary duties, the parties shall agree upon the amount of additional compensation to be paid to the assisting party, prior to the rendition of any such assistance.

10.20 Bulk Sales Law Waiver. Purchaser and Seller agree to waive compliance with the provisions of any "Bulk Sales" Laws of the State of Michigan and all other states where the Facilities are located, if any, which may otherwise be applicable to the transaction contemplated by this Agreement.

10.21 Accounts Receivable. Seller and/or its Affiliates, as applicable, shall deliver and pay to Purchaser, within three (3) Business Days after receipt of any and all cash received by Seller and/or Affiliates (i) related to the accounts receivable included in the Purchased Assets and transferred hereunder to Purchaser and (ii) related to any other payment that is properly payable to Purchaser, including, but not limited to, payments from customers of Purchaser after the Closing that are sent to Seller's or an Affiliate's lockbox or otherwise received by Seller or an Affiliate. Purchaser and/or its Affiliates shall deliver and pay to Seller, within three (3) Business Days after receipt of any and all cash received by Purchaser and/or its Affiliates related to any payment that is properly payable to Seller. Purchaser shall apply any payment received from a customer related to the accounts receivable included in the Purchased Assets and transferred hereunder to Purchaser to accounts receivable for such customer in accordance with the remittance advice

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received by Purchaser, and if no remittance advice is received, then in reverse chronological order beginning with the oldest account receivable for such customer of all accounts receivable whether created before or after the Closing Date. The above obligations of Seller and its Affiliates and Purchaser are not subject to any statute of limitations period and shall be absolute obligations hereunder.

10.22 Radar Trademarks and Trade Name. If Seller desires to license, assign or otherwise transfer or grant any rights to any third parties to utilize the Radar Trademarks, Seller shall give Purchaser written notice thereof (the "Offer Notice"). The Offer Notice shall include (a) a description of the transaction Seller desires to enter into with respect to the Radar Trademarks (the "Radar Transaction") and (b) the consideration which Seller desires to receive in connection with the Radar Transaction. If Purchaser elects to enter into the Radar Transaction, Purchaser shall provide Seller with written notice of such election (the "Acceptance Notice") within ten (10) Business Days of the date Purchaser receives the Offer Notice (the "Acceptance Period"). For a period of ten (10) Business Days after the date Seller receives the Acceptance Notice (the "Transaction Period"), Seller and Purchaser shall attempt in good faith to enter into definitive agreements with respect to the Radar Transaction and consummate the Radar Transaction. If (i) Seller does not receive an Acceptance Notice during the Acceptance Period or (ii) Seller receives an Acceptance Notice during the Acceptance Period, but Seller and Purchaser are unable to enter into definitive agreements with respect to the Radar Transaction and consummate the Radar Transaction during the Transaction Period, then, in either case, Seller may enter into the Radar Transaction with any other Person on terms that are not materially more favorable to such Person than those set forth in the Offer Notice (and Seller shall have no other liabilities or obligations under this Section 10.22).

*[Signature page follows]*

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

**WENTWORTH ACQUISITION LLC**

By: /s/ Thomas M. Dugan

Name: Thomas M. Dugan

Title: Treasurer

**RADAR INDUSTRIES INC.**

By: /s/ David Zmyslowski

Name: David Zmyslowski

Title: President

**RADAR MEXICAN INVESTMENTS, LLC**

By: /s/ David Zmyslowski

Name: David Zmyslowski

Title: President





**EXHIBIT 21.1****LIST OF SUBSIDIARIES OF SHILOH INDUSTRIES, INC.**

The following is a list of the subsidiaries of Shiloh Industries, Inc., a Delaware corporation (the "Corporation"). The common stock of all the corporations listed below is wholly owned, directly or indirectly, by the Corporation. If indented, the Corporation is a wholly owned subsidiary of the corporation under which it is listed unless otherwise noted.

<u>Name of Corporation</u>	<u>State of Incorporation</u>
Shiloh Corporation	Ohio
The Sectional Die Company	Ohio
Sectional Stamping, Inc.	Ohio
Medina Blanking, Inc.(1)	Ohio
Liverpool Coil Processing, Incorporated	Ohio
VCS Properties, LLC	Ohio
Greenfield Die & Manufacturing Corp.	Michigan
Shiloh Incorporated	Michigan
C & H Design Company	Michigan
Jefferson Blanking Inc.	Georgia
Shiloh Automotive, Inc.	Ohio
Shiloh de Mexico S.A. de C.V.(2)	Mexico
Shiloh Internacional S.A. de C.V.(3)	Mexico
Shiloh Industries, Inc. Dickson Manufacturing Division	Tennessee
Shiloh Die Cast LLC	Ohio
Albany Chicago Company, LLC	Wisconsin
Shiloh Die Cast Midwest, LLC	Ohio
FMS Magnum Holdings LLC	Ohio
Magnum CV	Netherlands
Shiloh Holdings Netherlands B.V.	Netherlands
Shiloh Holdings Sweden AB	Sweden
Shiloh Industries AB	Sweden
Shiloh Industries China Holding AB	Sweden
Finnveden Metal Structures SP. Z.O.O.	Poland
Finnveden Metal Structures (Shanghi) Co., LTD	China
Shiloh Manufacturing LLC	Ohio
Wentworth Acquisition LLC	Michigan
Radar Stamping Technologies S. DE R.L. DE C.V.	Mexico
Radar Servicios Celaya S. DE R.L. DE C.V.	Mexico

(1) Medina Blanking, Inc. is 22% owned by the Corporation and 78% owned by Shiloh Corporation.

- (2) Shiloh de Mexico S.A. de C.V. is owned 100% by the Corporation.
- (3) Shiloh Internacional S.A. de C.V. is owned 98% by the Corporation and 2% by Shiloh de Mexico S.A. de C.V.

**EXHIBIT 23.1****CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We have issued our reports dated January 13, 2015 with respect to the consolidated financial statements and internal controls over financial reporting included in the Annual Report of Shiloh Industries, Inc. and subsidiaries on Form 10-K for the year ended October 31, 2014. We hereby consent to the incorporation by reference of said reports in the Registration Statements of Shiloh Industries, Inc. and subsidiaries on Forms S-8 (File No. 333-21161, effective February 5, 1997, File No. 333-103152, effective February 12, 2003 and File No. 333-178354, effective December 7, 2011).

/s/ GRANT THORNTON LLP

Cleveland, Ohio  
January 13, 2015

**EXHIBIT 24.1****POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned officers and directors of Shiloh Industries, Inc., a Delaware corporation, hereby constitutes and appoints Ramzi Hermiz, Thomas M. Dugan, David J. Hessler and Peter VanEuwen, and each of them, as his true and lawful attorney or attorneys-in-fact, with full power of substitution and revocation, for each of the undersigned and in the name, place and stead of each of the undersigned, to sign on behalf of each of the undersigned an Annual Report on Form 10-K for the fiscal year ended October 31, 2014 pursuant to Section 13 of the Securities Exchange Act of 1934 and to sign any and all amendments to such Annual Report, and to file the same, with all exhibits thereto, and other documents in connection therewith including, without limitation, a Form 12b-25 with the Securities and Exchange Commission, granting to said attorney or attorneys-in-fact, and each of them, full power and authority to do so and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorney or attorneys-in-fact or any of them or their substitute or substitutes may lawfully do or cause to be done by virtue thereof.

This power of attorney may be executed in multiple counterparts, each of which shall be deemed an original with respect to the person executing it.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands as of the 12th day of January 2015.

<u>Signature</u>	<u>Title</u>
<u>/s/ Ramzi Hermiz</u> Ramzi Hermiz	President and Chief Executive Officer (Principal Executive Office)
<u>/s/ Thomas M. Dugan</u> Thomas M. Dugan	Vice President of Finance and Treasurer (Principal Financial Officer and Principal Accounting Officer)
<u>/s/ Curtis E. Moll</u> Curtis E. Moll	Chairman of the Board and Director
<u>/s/ Cloyd J. Abruzzo</u> Cloyd J. Abruzzo	Director
<u>/s/ Jean Brunol</u> Jean Brunol	Director
<u>/s/ George G. Goodrich</u> George G. Goodrich	Director
<u>/s/ Michael S. Hanley</u> Michael S. Hanley	Director
<u>/s/ David J. Hessler</u> David J. Hessler	Director
<u>/s/ Dieter Kaesgen</u> Dieter Kaesgen	Director

**/s/ Robert J. King, Jr.**

Director

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**Robert J. King, Jr.**

**EXHIBIT 31.1****PRINCIPAL EXECUTIVE OFFICER'S CERTIFICATION PURSUANT  
TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ramzi Hermiz, certify that:

1. I have reviewed this annual report on Form 10-K of Shiloh Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

**/s/ Ramzi Hermiz**

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**Ramzi Hermiz**  
**President and Chief Executive Officer**

Date: January 13, 2015



**EXHIBIT 31.2****PRINCIPAL FINANCIAL OFFICER'S CERTIFICATION PURSUANT  
TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas M. Dugan, certify that:

1. I have reviewed this annual report on Form 10-K of Shiloh Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

**/s/ Thomas M. Dugan**

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**Thomas M. Dugan  
Vice President of Finance and Treasurer**

Date: January 13, 2015





## EXHIBIT 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT  
TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report of Shiloh Industries, Inc. (the "Company") on Form 10-K for the year ended October 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

**Dated: January 13, 2015**

/s/ **Ramzi Hermiz**

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**Ramzi Hermiz**  
President and Chief Executive Officer

/s/ **Thomas M. Dugan**

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**Thomas M. Dugan**  
Vice President of Finance and Treasurer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.