

1. General Guidelines

1.1 All Tooling and Materials which Buyer furnishes, either directly or indirectly, to Supplier or which Buyer buys from, or gives reimbursement to, Supplier in whole or in part (collectively, "Buyer's Property") will be and remain the property of Buyer and be held by Supplier on a bailment basis. Title to all replacement parts, additions, improvements and accessories purchased by Supplier will vest in Buyer immediately upon attachment to or incorporation into Buyer's Property.

1.2 Tool models and tool prints are considered part of the Tooling and are also the property of the Buyer.

1.3 Unique computer software required to operate the Tooling is considered part of Tooling and is also the property of the Buyer.

1.4 The Supplier is responsible for ensuring that its sub-supplier(s) adhere to these Terms and Conditions, when Tooling is located at sub-supplier facilities. The Supplier is responsible for the quality of and payment for all subcontracted Tooling and outsourced components and to ensure conformity of subcontracted Tooling with the Tooling Purchase Order.

1.5 Tooling should be designed and manufactured to last for the life of the part it was designed and manufactured to produce, including post-production Service Parts. 1.10. If Tooling is designed specifically for the Supplier's own equipment and facilities, it should be able to be modified for use by another supplier with similar equipment and facilities. In the event that there are any costs associated with such modification, those costs will be reimbursed by the Supplier.

2. TOOLING PROCESS

2.1. The Supplier may not fabricate or acquire Tooling unless a Tooling Purchase Order has been issued by the Buyer authorizing the fabrication or acquisition of the Tooling.

2.2. The Buyer has the authority, at its discretion, to select a Tooling source and issue Tooling Purchase Orders directly to Toolmaker. The Supplier will work with the Toolmaker) to complete the Tooling.

2.3. All Tooling requested on a Tooling Purchase Order must be new tooling not previously used by any party, unless otherwise specified and approved by the Buyer.

2.4. Production Tool Orders and Amendments to Production Tool Orders must be quoted, written and placed such that each Tool Order (and any Amendment) includes sufficient detail and itemization to enable the Buyer-owned Tooling to be visually identified at the Supplier location.

2.5. All rights, title, and interest in and to any part of Tooling to be paid for by the Buyer will vest immediately in Buyer as soon as the Tooling is acquired by the Supplier or fabricated by the Supplier in accordance with a Tooling Purchase Order, and such Tooling shall be held as Buyer's property by Supplier.

3. PAYMENT

3.1. The price for any Tooling to be paid for by Buyer under the Contract shall be the price set forth in the Tooling Purchase Order according to the payment schedule, if applicable. Unless otherwise expressly stated in the Tooling Purchase Order, the purchase price is a fixed price, and is not subject to increase for any reason, including, without limitation, increased raw material costs, increased labor or other manufacturing or supply costs, increased development costs, inflation, changes in foreign exchange rates, changes in the availability of materials or supplies or any other changes.

3.2. Unless otherwise agreed to in writing between the Parties, the price set forth in the Tooling Purchase Order will be paid to Supplier after Buyer is satisfied that certain conditions have been fulfilled including, but not limited to, the following:

3.2.1. The Tooling has been fabricated or acquired by the Supplier

3.2.2. Requested Tooling documentation requirements have been provided to and approved by Buyer.

3.2.3. The Supplier has produced acceptable samples meeting all the required specifications.

3.2.4. The Tooling Invoice has been submitted and photographic evidence has been submitted by Seller.

3.3. The Supplier shall not submit a Tooling Invoice for payment until the Supplier receives full approval. The Tooling Invoice date shall not be earlier than approval date.

3.4. The Buyer has the right to verify the actual cost of the Tooling by auditing all books, records, facilities, work, material, inventories, invoices, purchase orders, proofs of payment, and any other information the Buyer deems relevant and reasonably necessary.

3.5. The Supplier is responsible for notifying the Buyer of any movement of Buyer Tooling to a new location. The Supplier must obtain prior written consent and approval from the Buyer before moving Tooling.

4. TOOLING COSTS

4.1 The Buyer's contractual obligation is to reimburse actual Tooling costs incurred up to the amount authorized on the Tool Order. The Buyer will not reimburse the Supplier for Tooling costs in excess of the amount authorized or for any Tooling costs that were not specified (and authorized) on the Tool Order or an Amendment.

4.2 Acquired Tooling: If the Supplier acquires the Tooling from a third party, such as an outside tool shop/toolmaker, the Supplier may not add any markups, surcharges or the like to the Tooling beyond its cost. Tooling acquired by a third party must be supported by purchase order(s), invoices, and proofs of payment. The Supplier should not make any profit on Tooling or prototype Tooling manufactured by an outside tool shop.

4.3. In-House Tooling: If the Supplier fabricates the Tooling, the Supplier may request, in writing, in advance, reimbursement for only the actual cost of fabricating the Tooling, including material costs,

labor hours and labor rates for, plus allowable and agreed upon one-time only costs, if appropriate, which must be itemized on a Tool Order or an Amendment. The Supplier must maintain a reasonable accounting system to segregate, accumulate, and document expenditures for Tooling. The Supplier's accounting system must ensure that all eligible costs are documented adequately.

4.3.1. In-House Material: Material costs must be supported by documentation that indicates the quantities used and unit cost for each Tool. Material will be reimbursed at actual costs based on material invoices. If the Tool is not completed due to program or part cancellation, scrap value should be documented.

4.3.2. In-House Labor Rate: All overhead costs and profit associated with the design, development, and manufacture of the Tooling should be included in the fully accounted Tooling labor rates. This rate should be comprised of direct labor, indirect labor, fringe benefits, payroll taxes and overhead. The fully accounted labor rate shall be included in the Supplier's Tooling quotation.

4.3.2.1. Hours: All direct hours worked to design and fabricate the Tooling must be supported by a time reporting system that identifies hours worked on each Tool specified on the Tool Order.

4.3.2.2. Cost: Labor costs should be calculated by applying the fully accounted labor rates to the direct hours worked to design and fabricate the Tooling. A reasonable profit may be included if the tool shop is operated as a separate profit center.

5. TOOL ORDER COST AUDIT

5.1. Audit Process. All Tool Orders placed are subject to audit and recovery by the Buyer. If an audit of Tooling costs reveals that the Buyer was overcharged, the Supplier will repay the overcharge through a debit against its accounts or by direct payment to the Buyer or by a combination of these methods, at the Buyer's discretion.

5.2. Documentation Required for Buyer Tooling Audit. If the Tooling costs are audited by the Buyer, the Supplier must make available all documents supporting the actual and reasonable costs associated with the Tool Orders selected for audit. Furthermore, if the initial (or base) Tooling was sourced by the Buyer on a competitive basis, but the Supplier's records do not segregate costs for the competitively sourced Tooling from Amendments (which are not quoted on a competitive basis), the Buyer's auditor will verify all costs supporting the Tool Order and the cost of Amendments.

5.2.1. The Supplier must submit evidence of what was actually paid to sub-suppliers. If the Buyer's audits of Supplier Tooling costs result in significant cost recoveries due to a lack of compliance with these Tooling guidelines, the 8D (8 Discipline) process may be used to address significant audit findings.

6. TOOLING INVENTORY MANAGEMENT

6.1. The Supplier shall furnish a Tooling Inventory of all Tooling owned by Buyer (active and inactive) in the Supplier's possession. The Tooling Inventory shall be submitted to Buyer annually by January 31, or upon request by Buyer at any time. The Tooling Inventory shall contain the following information for each piece of Tooling owned by Buyer:

6.1.1. Tool part number(s) (typed in numerical order)

6.1.2. Current tool revision

6.1.3. Description of Tool

6.1.4. Date of last ordered of Tool

6.1.5. Total cost of Tool

6.1.6. Quantity of parts produced from Tool

6.1.7. Remaining Tool life

6.1.8. Any previous part number if Tool has been changed to produce a new part number

6.2. While Buyer's Property is in Supplier's possession and until Supplier delivers Buyer's Property back to Buyer, Supplier bears the risk of loss, theft and damage to Buyer's Property. Supplier will be responsible for the cost of repairing or replacing Buyer's Property if it is stolen, damaged or destroyed regardless of cause or fault. Supplier will at all times: (a) regularly inspect, maintain in good condition, and repair Buyer's Property at Supplier's own expense, (b) use Buyer's Property only for the performance of this Contract, (c) deem Buyer's Property to be personal property, (d) conspicuously mark Buyer's Property as the property of Buyer and maintain such markings, (e) not commingle Buyer's Property with the property of Supplier or with that of a third person, (f) not move Buyer's Property from Supplier's applicable shipping location (as shown by the shipping address of Supplier) without prior written approval from an authorized employee of Buyer, and (g) use Buyer's Property in compliance with Buyer's or the manufacturer's instructions and in compliance with all federal, state and local laws, ordinances and regulations.

6.3. If Supplier is tool design responsible, reproducible tooling prints shall be completed by Supplier within 6 weeks after approval (or at start of regular production, whichever comes first) on all new program tools, tools undergoing an engineering change, and current tools that are revised. Supplier, upon request by Buyer, shall provide reproducible tooling prints for existing tools.

6.4. Supplier will not sell, lend, rent, encumber, pledge, lease, transfer or otherwise dispose of Buyer's Property without Buyer's prior written consent. Furthermore, Supplier will not assert, or permit any person claiming an interest through Supplier to assert any claims of ownership to or any other interest in Buyer's Property.

6.5. Buyer will have the right to enter Supplier's premises at all reasonable times to inspect Buyer's Property and Supplier's records.

7. TOOL MARKING REQUIREMENTS; TOOL DISPOSAL REQUESTS

7.1. Tool Marking Requirements: Unless specified otherwise by Buyer, the Buyer owns the Tooling, and it is essential that the Tooling be clearly identified and marked or tagged with the part number(s) provided by Buyer. Supplier shall provide to Buyer photographic evidence of compliance with this Section. Photographic evidence shall include: a close-up picture of the tag on the Tool (clear and legible) and a picture of the whole Tooling showing that the tag is attached. If the Tooling is a mold or die, a photo of the mold or die in the open and closed position is required. Supplier shall comply with additional instructions regarding Tool tagging and photographic evidence as may be provided by Buyer.

7.2. Tool Retention: Supplier must retain Tooling for a period of 15 years after end of production and thereafter to return, transfer to another location or to remit the proceeds of the sale for scrap to the Buyer's as so instructed by Buyer.

7.3. Tool Disposal Requests: The Buyer has established a system for proper control and disposal of Buyer-owned Tooling at a Supplier site. In order to minimize the Buyer's costs and to ensure continuous availability of Service Parts to end-users, the Service Parts Purchasing activity must be consulted before either reworking the Tooling to a new design level or scrapping the Tooling.

7.4. Return of Buyer's Tooling: Supplier agrees that Buyer has the right, at any time and from time to time, with or without reason and without payment of any kind, to retake possession of or request the return of Buyer-owned Tooling. Without further notice or court hearings, which rights, if any, are hereby waived, Buyer or its designee(s) will have the right to enter Supplier's premises and take possession of any and all of Buyer's Tooling. Upon Buyer's request and in accordance with Buyer's instructions, Buyer's Tooling will be immediately released to Buyer or delivered to Buyer by Supplier, either at Supplier's plant properly packed and marked in accordance with the requirements of the carrier selected by Buyer to transport such Buyer's Property or (ii) to any location Buyer designates, in which event Buyer will pay Supplier the reasonable costs of delivering Buyer's Property to the location Buyer designates. If Supplier does not release and deliver any Buyer's Tooling in accordance with this Article, Buyer may obtain an immediate possession without notice and without the posting of any bond and/or enter Supplier's premises, with or without legal process, and take immediate possession of Buyer's Tooling.

7.5. Disposal Request: To initiate a disposal request the Supplier must contact the designated Buyer.

7.6. If the Supplier receives a Part Termination Notice, it should contact the Buyer immediately to request directions for tooling disposition. By certifying that the Tooling may be disposed of, the Supplier verifies that it has diligently investigated past and current use of the Tooling to ensure that there is no further need for the Tooling. If it is determined that the Supplier has improperly or incompletely conducted this investigation and the Tooling was scrapped in error, the Supplier will be responsible for reimbursing the Buyer for the cost of replacement Tooling.

ENTIRE AGREEMENT, MODIFICATIONS, AND BUYERS WEBSITE This Contract constitutes the entire agreement between Seller and Buyer with respect to the matters contained in this Contract and supersedes all prior oral or written representations and agreements, with the exception of any nondisclosure agreements and then only to the extent they have terms of confidentiality that conflict with these Tooling Terms and Conditions. This Contract may only be modified by a written contract

amendment issued by Buyer. Buyer may modify Purchase Order terms and conditions from time-to-time by posting revised Purchase Order terms and conditions to Buyer's internet website as specified on the face of the Purchase, prior to the date when any modified terms and conditions become effective. Such revised Purchase Order terms and conditions shall apply to all purchase order revisions/amendments/alterations and new Purchase Orders issued on or after the effective date thereof. Seller shall be responsible to review Buyer's Website periodically. In the event of any inconsistency between the Purchase Order and Buyer's Website, the terms of the Purchase Order shall prevail, unless the requirements specified on Buyer's Website expressly provide otherwise.