*Tooling Loan Agreement*

THIS IS A BLANKET TOOLING LOAN AGREEMENT GOVERNING THE POSSESSION AND USE OF CERTAIN SL TENNESSEE PROPERTY AND SHALL REMAIN IN FULL FORCE AND EFFECT SO LONG AS SUPPLIER IS IN POSSESSION OF SUCH PROPERTY.

THIS TOOLING LOAN AGREEMENT AND ANY AMENDMENTS HERETO SHALL GOVERN THE POSSESSION AND USE OF SL TENNESSEE OWNED TOOLING (AS HEREINAFTER DEFINED) WHICH IS (1) LOANED TO SUPPLIER BY SL TENNESSEE OR (2) ACQUIRED OR OBTAINED BY SUPPLIER AND SOLD TO SL TENNESSEE PURSUANT TO A SL TENNESSEE PURCHASE ORDER ISSUED SUBSEQUENT HERETO.

1. **Ownership of Tooling on Loan**

Supplier acknowledges that all items of Tooling, including tools, gauges, devices, equipment, jigs, molds, and fixtures (here after referred to as “Tooling”) in Supplier’s control, together with all drawings and other documentation which are provided to the Supplier by SL Tennessee or which are purchased by SL Tennessee from the Supplier, shall be and shall remain the exclusive property of SL Tennessee. The Supplier shall not mortgage or encumber the Tooling in any manner whatsoever.

If the Supplier modifies the Tooling provided on loan this shall be carried out for SL Tennessee and only on SL Tennessee’s explicit instructions. SL Tennessee becomes sole owner of the items created by and for the modifications.

SL Tennessee reserves the right to inspect the Tooling at all reasonable times. Supplier shall not move the Tooling to another manufacturing location or to a subcontractor’s location without prior written approval of SL Tennessee.

1. **Identification of Tooling on Loan**

Supplier agrees to apply an identification tag, supplied by SL Tennessee, if one is not currently applied to the tool. This tag identifies SL Tennessee (or 3rd party, if applicable) as the owner of the tool and states the tool identification number. Supplier agrees that Tooling shall remain identified throughout the entire length of the loan.

1. **Maintenance and Repair**

**Tools, Gauges, Devices, Equipment, Jigs, and Fixtures**

The Supplier shall maintain the above items in good operating condition at all times.

During the time the items are in the Supplier’s possession, the Supplier, at its own

expense, shall maintain the Tooling in proper working condition.

**Molds**

Please see document labeled “Supplier Mold Preventative Maintenance Agreement” which states SL Tennessee’s standards on mold maintenance. During the time the mold is in Supplier’s possession, the Supplier, at its own expense, shall maintain the mold per the *Preventive Maintenance Agreement.* SL Tennessee requires that a log be kept that documents the frequency of the maintenance and any repairs that were made to the mold. The Supplier is obliged to provide SL Tennessee at any time upon request current PM documentation.

Tooling from SL Tennessee is loaned to the Supplier in the condition in which they exist, with wear or possible deficiencies not being excluded. Under normal circumstances, SL Tennessee will perform inspection and preventive maintenance of Tooling prior to the loan, generate a report documenting the results of these activities (hereafter called *Pre-Loan Tooling Inspection/Maintenance Report*), then amended the *Pre-Loan Tooling Inspection/Maintenance Report* to the *Tooling Loan Agreement* Document.

The Supplier shall cover the cost of all minor repairs, up to $250 per repair. Costs over this amount shall be paid by SL Tennessee, if approved by SL Tennessee before they are performed and the damage that initiates the repair is not a result of Supplier negligence.

All replacement tooling and documentation shall become SL Tennessee property and shall be subject to all the terms and conditions of this agreement.

1. **Tool Damage**

The Supplier shall be responsible for damage (with the exception of normal wear and tear) and ruin (destruction or loss) of the Tooling on loan. The Supplier shall be responsible for Tooling to its full replacement value, against damage and ruin, from fire, theft, burglary, misappropriation, vandalism, and environmental risks.

The Supplier shall also be responsible for any Tooling damage resulting from transport operations which the Supplier carries out.

1. **Confidentiality / Patent Rights**

The Supplier shall not exploit, for other purposes than those agreed upon, the functionality and method of operation of the Tooling on loan. Any unique technology associated with the Tooling shall remain confidential and the right to patent application shall remain exclusively reserved by SL Tennessee.

1. **Termination of the Agreement**

This Agreement is concluded for an indefinite period of time. The parties can cancel at any time, by following the below guidelines.

* In the event that the supplier wishes to terminate this agreement with SL TN, proper notification must be given.
  + Proper notification is defined as a letter submitted to SL TN Purchasing Manager documenting the part numbers for which supply is to be terminated, the reason for termination of supply, and the date of the last shipment planned to SL TN.
  + The above letter must be submitted to SL TN based on the following formula: (Submission date + (Total lead time of component x 2.5)) = (Date of last shipment to SL TN)
    - Example: A component with a 4 week lead time requires a 10 week advanced notice before the last shipment to SL TN is made.

After submission of the above notification, a response from SL TN in writing is required before the notification of supply termination is accepted.

* Regardless of the circumstances under which the supply of a component to SL TN is terminated, the Supplier’s responsibility for the quality and performance of the component shall remain unchanged.

The Supplier shall return any or all Tooling and Tooling documentation to SL Tennessee without cost except any reasonable transportation and/or special packing charges that may be billed to SL Tennessee. The Supplier shall also provide SL Tennessee all PM and Repair Documentation at that time.

**SUPPLIER’S ACCEPTANCE AND AGREEMENT**

This Tooling Loan Agreement shall govern the possession and use of all SL Tennessee

Tooling that is now in Supplier’s possession or that may be placed in Supplier’s possession during the time this Tooling & Equipment Loan Agreement is in force.

Supplier’s Authorized Representative \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

SL Tennessee Purchasing Representative \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Attachments:

1. ***Inventory of Tooling Loaned to Supplier***
2. ***SL Tennessee’s Pre-Loan Tooling Inspection/Maintenance Report*(s)**

Other Regulating Documents:

1. ***Supplier Mold Preventative Maintenance Agreement***

**ATTACHMENT 1: INVENTORY OF TOOLING LOANED TO SUPPLIER**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item# | Tool Description | Tool Id # (if applicable) | Program/Part | Tool Owner |
| 1  2  3  4  5  6 |  |  |  |  |
|  |  |  |  |  |

**ATTACHMENT 2: SL TENNESSEE’s PRE-LOAN TOOLING INSPECTION/MAINT. REPORT**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item# | Tool Description | Date of Inspection & Maintenance | Condition of Tooling after maintenance including any remaining deficiencies | Summary of Maintenance Tasks performed |
|  |  |  |  |  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |  |  |  |  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |
|  |

The ***Pre-Loan Inspection & Maintenance Report(s)*** has been reviewed by SL Tennessee Purchasing

SL Tennessee’s Purchasing Representative

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_