**ALLISON TRANSMISSION, INC.**

**AT-101127 TOOLING AND GAGING GUIDELINES**

The purpose of this document is to set forth guidelines to assist the supplier’s understanding of Allison Transmission, Inc. (ATI) policies and objectives with regard to ATI owned special tooling located at ATI’s suppliers facility (ies) and/or sub-tiered suppliers.

**Topics:**

**1. Special Tooling and Gaging Guidelines and Definitions**

**2. Tooling Cost and Audit Guidelines – Purchasing Terms**

**3. Tooling and Gage Purchase Order Payment Requirements**

**1. Special Tooling and Gaging Guidelines and Definitions**

The following summarizes ATI’s processes with respect to special tooling and ATI authorized engineering changes to such tooling. It is the responsibility of the tier 1 supplier to ensure its sub-suppliers comply with these guidelines.

* Special tooling is tooling specifically designed for the production of, and is unique to, an ATI part.
* Generic tooling, perishable tooling, general-purpose items and equipment are excluded, even if these items are dedicated to the ATI part (e.g., fasteners, drills, etc.).
* ATI will supply the first set of perishable tooling designed and considered specific to an ATI part dimension(s), non-catalog, (e.g., step drills and reamers for valve bores). However, the supplier will maintain a complete set throughout the program via maintenance and/or replacement by the supplier as a part of the supplier’s piece price burden. ATI will retain ownership of a complete compliment of production ready tools as listed on the originally issued ATI Tooling Purchase Order.
* Unique computer software required directly for the production or gaging of the part is considered part of special tooling and shall become the property of ATI. Computer hardware is considered supplier-owned equipment.
* In some cases, tooling may need to be relocated from one supplier to another. During any such tool move, the original supplier is required to keep the tooling in PPAP approved condition. If ATI requests the tool move, the cost(s) of tool modifications required by the new supplier may be covered by ATI via a Tooling Contract(s). If the new supplier requests a tool modification or tool move, the new supplier must follow ATI’s Supplier Quality Guidelines (PPAP), as well as the ATI Change Management *Process* and the new supplier will be responsible for any costs not approved by ATI via a Tooling Contract.
* Parts produced with tooling that have inserts subject to a high rate of wear

(e.g., aluminum die castings) that will not provide the program volume will require a request to ATI by the parts supplier for funds to replace the inserts. Any such request(s) are subject to advance review by the ATI Tool Analysis activity.

* Where a part supplier designs, develops or manufactures production tooling or prototype tooling in-house, and the engineering center/tool room is budgeted as a separate profit center, a reasonable profit margin on the cost of design, development, and manufacture of the tools will be allowed. All overhead costs and profit associated with the design and manufacture of special tooling should be included in fully accounted tooling labor rates.

*Note:* When a separate profit center is declared, the supplier is subject to a verification audit.

* ATI does not permit a parts supplier to make a profit on production or prototype tooling designed and manufactured by a tool supplier. Additionally, incremental costs associated with procurement, follow up, etc. are considered to be part of the parts supplier's overhead costs and likewise recovered in the production piece price.

**Prototype Tooling**

* Funding for prototype special tooling, which will not be used to produce production parts, will be provided through the Engineering budget.
* Pull-ahead production tooling used for Prototype, which will be used later to produce production parts, will be treated as normal production tooling and be funded using a production Tooling Contract.
* In the event that only a portion of the prototype tooling will be used to produce production parts, the amount representing this portion should be clearly identified on the prototype order, for later transfer to the Production Tooling Contract.

**2**. **Tooling Cost and Audit Guidelines - Purchase Terms**

**(Special) Term – Special Tooling**

Buyer shall reimburse Seller the lesser of (i) the amount specified in this contract, or (ii) Seller’s actual costs for purchased materials and services (including purchased tooling or portions thereof), plus Seller’s actual direct costs for labor and overhead typically associated with tool construction. Seller shall establish a reasonable accounting system that readily enables the identification of Seller’s costs. Buyer, or its agents, shall have the right to audit and examine all books, records, facilities, work, material, inventories and other items relating to any claim of Seller for tooling.

ATI's obligation is to reimburse the approved tooling costs incurred up to the amount authorized by the Tooling Contract. ATI does not reimburse suppliers for tooling costs in excess of the amount authorized or for tooling that was not specified (and authorized) by the Tooling Contract. If the actual cost incurred is less than the Tooling Contract amount, the supplier is expected to notify the Commodity Manager so the Tooling Contract can be adjusted to actual cost(s).

The supplier is responsible for monitoring the content of all subcontracted tooling, such as outsourced components, to ensure conformity to ATI requirements.

## Tooling Cost Documentation

An accounting system, in accordance with generally accepted accounting practices, must be maintained by the supplier to segregate, accumulate, and document expenditures for ATI-owned tooling. The supplier's accounting system must ensure that all eligible costs are documented adequately and include the following:

**Material**

Material requisitions that indicate quantities used and unit cost by Tooling Contract must be prepared. Material will be reimbursed normally at ATI’s actual costs based on invoices. Material costs should be reduced for any such costs recovered from tooling authorized for disposal or for material used for prototype parts (that was purchased under a separate tooling contract).

###### Labor Hours

Acceptable substantiation of all direct hours worked to design and build tooling by a time reporting system that identifies hours worked by tooling line item as specified on the Production Tooling Cost Line-Up, Form AT-1810.

Labor Rate

The fully accounted labor rate shall be included in the supplier's quotation on major tooling programs and will be reviewed by the Tool Analysis group for reasonableness before the issuance of the Tooling Contract.

**Subcontracted Work**

All work subcontracted to tooling sub-suppliers must be supported by ATI least a tooling contract, invoice, and proof of payment (including a waiver of claim or lien from the sub-supplier).

If tooling is obtained through, or by a supplier-owned subsidiary, or affiliate (50%+ supplier ownership), those costs will be regarded as "in-house" costs and subject to verification.

## Supplier Billings

The supplier's invoice for tooling costs incurred should reflect the Tooling Contract amount, or the actual costs incurred, whichever is less. ATI no time should the supplier's invoice exceed the amount of the Tooling Contract. If a discrepancy exists with your tooling contract amount, consult your Commodity Manager prior to invoicing.

## Tooling Audits

All tooling contracts are subject to audit. In the event ATI audits the supplier’s tooling cost, it will be necessary to make available supporting documents as spelled out in the “Requirements for Tool Audit” guidelines. This documentation will be required to verify the actual and reasonable costs associated with the Tooling Contract(s) and amendments selected for audit.

## Maintenance

All tooling purchased by ATI will require proper Preventative Maintenance to be conducted by the Supplier in order to keep the tooling in ‘good working condition’. It is expected that Suppliers will have a formal Tooling Maintenance Process and that complete records will be available for review during any on-site ATI Tooling Audits. Maintenance will be considered part of the supplier’s piece price burden.

Die Cast Tooling Maintenance should include, but is not limited to: Inspection of all components; Polish where required; Weld repair on ‘Heat Check’ areas; Replace worn,

Broken or bent core pins; inspect all ejector pins; lubricate the complete assembly as necessary.

Stamping Die Maintenance should include, but is not limited to: Inspection of and sharpening of all punches and edges; Inspection and replacement of ejector pins, springs, guide pins; Lubricate as necessary.

Requests by the Supplier to cover the cost of any tooling repair will be reviewed by ATI Tooling Analyst for consideration of pay-out. The decision for pay-out will include such factors as: appropriate maintenance, reasonable care and handling of tooling, and any possible negligence by the Supplier.

## Tool Life Expectations

## Tooling will be expected to meet the Supplier’s quoted Tool Life Cycle (i.e. Shot Count) as listed on the AT-1810 form. Suppliers will be responsible to maintain scrap rates at an Industry Standard level.

## Exorbitant scrap rates will be excluded from the Tool Life Cycle total count.

## Administrative Issues

Tooling purchased by ATI is the property of ATI and held by suppliers on a bailment basis pursuant to ATI’s Terms and Conditions of purchase. To further emphasis this bailment between the supplier and Allison Transmission Inc. a bailment agreement contract has been created and is “Appendix I” to these Tooling and Gaging Guidelines (the “Bailment Agreement”). The Bailment Agreement is being sent to suppliers upon receiving the invoice for payment. The Bailment Agreement between the supplier and Allison Transmission Inc. must be signed by both parties prior to invoice payment.

For existing bailment agreement with suppliers, the addendum will be used for additional tooling to be bailed at that supplier’s location with acknowledgement from the supplier.

Purchasing maintains a system for proper control and disposal of purchased tooling. In order to minimize ATI's costs and to ensure continuous availability of parts to our customers, the Parts Distribution Center and Purchasing must be consulted before scrapping or reworking production tooling to a new design level.

A supplier is not permitted to use existing ATI tooling for the manufacture of parts for other customers without the prior written approval by the Purchasing Director. A tooling usage agreement must be obtained to authorize such use.

## Zero Cost or No Cost Tooling

The following process should be followed when tools are negotiated to zero cost or no charge:

* Supplier will submit a detailed Supplier Piece Cost Breakdown Worksheet,

AT-1804 form and a Production Tooling Cost Line Up, AT-1810 form

* Commodity Manager will issue Tool Contract for every zero cost tooling negotiated.
* Commodity Manager will provide on the Tool Contract a detailed breakdown/description of the tools.
* Commodity Manager will add the following clause on each zero cost Tool Contract:

*“*The tooling and other items, if any, identified in this tool contract will be purchased and paid for by the Seller. However, in consideration of Buyer’s issuance of the corresponding part contract, and without separate or additional payment or reimbursement to Seller, title to the tools and other items shall vest immediately with Buyer and will be held by Seller pursuant to Paragraph 19 (Buyer’s Property) of the contract.”

**3. Tooling and Gage Purchase Order Payment Requirements**

The following must be met prior to tooling payment and will follow contractual terms agreed upon;

1. Create a Tool and Gage Summary list of the items identified on the AT-1810 associated with ATI’s Tooling Purchase Order. (See AT-101127-Exhibit 1, Tool and Gage Guidelines on website: <http://www.allisontransmission.com> under Purchasing Related Forms).
	1. The Tool and Gage Summary list should be an identical list to the AT-1810 submitted to the Commodity Manager for the ATI Tooling Purchase Order.
	2. With Description, Supplier Tool Number and location, Storage Location when not in use.
	3. Also indicate by use and size (length, width, height, and weight) (English or Metric).
2. Permanently Identify all ATI Tools and Gages by steel stamping or etching “ATI Property” or “Property of ATI”, the VTA# (Vendor Tooling Asset # located on the tooling PO), and the ATI P/N or Supplier Tool Number on each item.
	1. Tags with the ATI ID and P/N(s) are acceptable if permanently attached to each item.
	2. Computer printed labels are not acceptable.
3. Take digital pictures of each Tool and Gage.
	1. Follow example in AT-101127-Exhibit 1, as referenced above.
	2. Include a close-up picture of the permanent ownership marking on the item(s).
	3. Identify the pictures with a Noun Name, ATI Product P/N and Operation Number.
	4. If the tool is a die or mold, show the tool open showing all sections.
4. The same documentation is required from any additional tiered supplier(s), if used.
	1. Include the Tier’s Name and Location.
5. The above documentation must be submitted with a copy of the signed “ Part Submission Warrant” after successful validation testing (if required), approved by Supplier Quality Tooling Analyst for payment. Send as attachments via electronic mail.
	1. The invoice needs to be routed to Accounts Payable per Allison Terms and Conditions, paragraph 3, Billing.
6. For Tooling tied to DOE Grant Funding, the Tooling Asset Audit Sheet should be completed, signed, and submitted with PPAP Warrant.
7. Bailment Agreements must be signed by an authorized Supplier representative and returned to the ATI Tooling Analyst.
8. A 20% Hold Back will be withheld upon invoicing until a successful Run at Rate has been completed and approved by ATI Supplier Quality. This Hold Back is applicable to invoices greater than $100,000 and may be waived if Supplier Quality deems that a Run at Rate is not required. A Run at Rate is considered to be successful after the Supplier has proven their capability to be greater than the rate that they are contracted to. Reference Allison Supplier Quality Manual AT-1927 for details of the Run at Rate procedure.

Note:

If your company has any ATI owned tools or gages that are not being used, (example tools and gages for obsolete or prototype parts), and your company believes they should be removed from the inventory, please submit a letter to your Commodity Manager and Tooling Analyst, with a list of the tools and gages with part number(s), for ATI’s review and disposition.

**4. Appendices**

The following Appendices are not considered all-inclusive, but rather are provided by ATI to assist suppliers in determining the acceptability or unacceptability of Special Tooling versus Capital Equipment/Investment or Facility costs. These Appendices will be reviewed from time to time. In any event, specific questions should be directed to the ATI Commodity Manager and/or Tooling Analyst.

### Appendix A

|  |  |
| --- | --- |
|  | **Tooling and Related Cost Items** |
| **Acceptable** | **Not Acceptable** |
| Interest Carrying Costs  |  | X |
| Launch Costs  |   | X |
| Installation Costs, Set Up Costs, and Adaptation Costs of Tooling  |   | X |
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**Appendix B**

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| **STAMPING** **DIES:** | **Tooling and Related Cost Items**  |
| **Acceptable** | **Not Acceptable**  |
| Air Cylinders (Only when Integral Part of Die) |   X |  |
| Automation (Only when Integral Part of Die)  |   X |  |
| Binder Development  | X |   |
| Bolster Plates  |   | X |
| Designs Directly Related to Dies and Details – See Tooling Costs and Audit Guidelines. | X |   |
| Die Models - Die models are acceptable only when: \* No CAD data is available and model would be the "Master". \* An ATI engineering request with prior approval from finance is charged to the engineering budget, not the special tools program budget (including sight models).  | X |  |
| Die Risers - (Unless Integral Part of Die)  |   | X |
| Dies - Coining; Cold Forming; Compacting (for powdered metal parts before sintering); Extrusion; Forging; Progressive; Sizing (for powdered metal parts before sintering); Stamping; Straightening; Transfer | X |   |
| Try Out Sheet Stock – Specified Material used for tryout only. | X |   |

**Appendix C**

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| **ELECTRICAL WIRE HARNESSES:    Components, Assembly, and Testing** | **Tooling and Related Cost Items** |
| **Acceptable** | **Not Acceptable** |
| Dies and Details required for components unique to ATI  | X |   |
| Fixtures - Verification, Push Test, Grease, and Continuity Fixture Blocks: only when required and unique to an ATI component.  | X |   |
| Gages (where design and drawings are ATI approved).  | X |   |
| Grease Application Equipment |   | X |
| Injection Molds required for components unique to ATI  | X |   |
| "Nesting" Fixtures that hold components during (Automated/Manual) assembly operations and material handling tooling unique to ATI requirements. | X |   |
| Test Equipment - Continuity Analyzers, TSK Boards, Indicators/Meters, Verification Type Equipment, etc.  |   | X |
| Hardware- Instruments (shelf bought)- Computers (inc. Monitor & Keyboard)- Cabinets- Cables- Automatic Stampers          - Shelf bought          - Custom mounting hardware | X | XXXXX |
| Software- Operatng System- Application Software- Test Code (specific to module under test)  | X | XX |
| Test Chambers- Burn-In- Refrigeration- Environmental- Additional Requirements        - Racks        - Rack Fixtures  - Test Fixtures | XX | XXXX |
| Wire Twist Units - Mastic Pad units, Shrink Tubing units, conveyors, ovens, etc.  |   | X |

**Appendix D**

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| --- | --- |
| **GAGES** * **Specific gage tooling items are acceptable only when special and unique to a specific part, model, or product and not acceptable when a standard shelf type item. Proposed charges do not include computer terminals, keyboards, printers, "smart" columns, or electronic readouts.**
 | **Tooling and Related Cost Items**  |
| **Acceptable** | **Not  Acceptable** |
| Holding Tables  |   | X |
| Certification  |  | X |
| Final Inspection Gages  - Attribute  - Template | XXX |   |
| In-Process Gages- Unless specified by ATI  |   | X |
| Test Fixtures – Only when designed and built to achieve compliance with Engineering Specification (ES) performance requirements and unique to an ATI specific part, model, or product.  | X |   |

**Appendix E**

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| **MACHINING** * **Specific machining tooling items are acceptable only when special and unique to a specific ATI part, model, or product and are not acceptable when a standard shelf type item. Must not include computer terminals, keyboards, printers, "smart" columns, or electronic readouts.**
 | **Tooling and RelatedCost Items**  |
| **Acceptable** | **Not Acceptable** |
| Air Cylinders – Only when integral with machining fixtures  |   X |  |
| Arbors, Special Part Holding  | X |   |
| Broach Cutters- Only first complement  | X |   |
| Broach HoldersDuplicating AidsDrill Plates | XX | X |
| Cams - Unique | X |   |
| Chucks – Only when used in connection with special applications and then only for special clamping portion only (jaws, collets, etc.) |   X |  |
| Cutter Bodies - Special design required by part configuration |   | X |
| Design - Fixture design only. Excludes facility engineering design due to integration of fixtures into specific line operations ATI supplier location. | X |   |
| Fixtures - All Special types  | X |   |
| Forming Tools - Only first complement | X |   |
| Gangmasters - Camshaft Contour | X |   |
| Grinding Wheel – Only when ATI part configuration requires special design  | X |  |
| Heat Treatment Shielding  | X |   |
| Hydraulic & Pneumatic Items – Only when such items are an integral part of special tooling | X |  |
| Jigs (only when unique to ATI)  | X |   |
| Models Acceptable only when:· CAD Data is not available and model would be the "Master" | X |  |
| Motors  |   | X |
| Patterns – Paint, coat, heat treat | X |   |
| Rack – Plating: only when unique design for ATI product | X |  |
| Spindle Heads     Machine Detail  |  | XX |
| Tooling Aids  |   | X |
| Tryout Costs - Production material used for tool tryout  | X |   |

**Appendix F**

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| **MOLDS AND PATTERNS** | **Tooling and Related Cost Items** |
| **Acceptable** | **Not Acceptable**  |
| Designs Directly Related to Molds and Patterns  | X |   |
| Development Plasters  | X |   |
| Kellering and Spotting Plasters  |  X |  |
| Molds – for Rubber, Plastics, Nonferrous and Ferrous Metals | X |   |
| Water Jet Nests | X |   |
| Patterns - Castings | X |   |
| Tooling Validation (As required by ATI Supplier Quality at PPAP) – Laser Scans of PPAP samples, Destructive Testing, or CMM Mapping. | X |   |

**Appendix G**

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| --- | --- |
| **OTHER** | **Tooling and Related Cost Items** |
| **Acceptable** | **Not Acceptable** |
| Back-up or Multiple ToolingOnly when a capacity study is submitted by the supplier and approved in advance by the Tool Analyst/Supplier Development Activities. | X |  |
| Balconies, Control Panels, Railings, Stairways, Surge Tanks, and Overhead Lifts |   | X |
| Compression Costs - Incremental premium direct labor charges only when necessary to improve tool timing. (Must be identified and approved separately. They should also be separately identified as a line entry on the Tooling Contract).  | X |   |
| Computer Equipment (hardware/software) |   | X |
| Control Devices- That regulate machine functions, line functions, and/or automated handling mechanism functions - That regulate fixture only functions and must be integral part of tool |  X | X |
| Embossing Rolls (Unique patterns/masks including unique engraving)  | X |   |
| General and Special Purpose Automation Equipment |   | X |
| Load and Unload Fixtures, Transfer Fixtures, or Turnover Fixtures – Only when unique to a specific part, model, or product and required to perform another necessary operation, e.g., inspect, locate, position, etc. | X |  |
| Masks for Custom IC's (Integrated Circuits)Only when unique to a specific part, model, or product, and cannot be used for other customers' requirements. | X |   |
| Material Handling Equipment - Load and Unload Equipment, Transfer Equipment, or Turnover Equipment, e.g., conveyors, hi-lows, AGV's  |   | X |
| Microprocessors - Integrated circuits, chips, modules, etc.  |   | X |
| Microprocessor Controls - commercially available programmable devices (e.g., PLC's, weld controllers, etc.)  |   | X |
| Microprocessor Costs related to production of:- Computer Equipment- Printer- Recording Devices (Audio and/or Video)- Vision and Laser Equipment  |   | XXXX |
| Tooling Changes- Dies, Gages, Machining Tools, Welding and Assembly Fixtures. Only when caused by an ATI authorized engineering change (reference Special Tooling Guidelines and Definitions). | X |   |
| Rearrangement - Supplier-Owned Machinery and Equipment, including design and assembly, and the rework of electrical, pneumatic and hydraulic Attachments.  |   | X |
| Robots - All types including "Pick and Place" and reprogrammable robots. |   | X |
| Robot Arm End Effectors - Only when unique to a specific ATI part, model or product. | X |   |
| Safety Related Equipment, e.g., shielding, fencing, guards  |   | X |
| Software Development - (Unique) When custom software is required by ATI or is a normal part of the supplier's manufacturing or tool building technology, such as the development of CAM cutter tapes for use in computer controlled equipment, it is an acceptable cost. It must also be unique to an ATI specific part, model, or product identified on the Tooling Order as Software Development. | X |   |
| Statistical Process Control (SPC) Equipment  |   | X |
| Temporary Tooling - Only when required due to timing constraints resulting from late engineering changes or expedited program timing and containment in hard tooling is not feasible. | X |   |
| Test Equipment (for "Test Fixtures" - refer to "Gages" Section): - Computer Test Equipment - Environmental Chambers - Printer - Recording Devices (Audio and/or Video) - Vision and Laser and X-Ray Equipment  |   | XXXXX |
| Tooling Aids |   | X |
| Vision Systems (cameras, arms)Bender Tube and RodCut off Tools | XX | X |

**Appendix H**

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| --- | --- |
| **WELDING AND ASSEMBLY FIXTURES** | **Tooling and RelatedCost Items**  |
| **Acceptable** | **Not Acceptable** |
| Air Cylinders: (Only when Integral Part of Fixture) | X |  |
| Automated, "Turn Key" Welding and Assembly Equipment  |   | X |
| "C" Frames, Pedestal Welders and Press Welders  |   | X |
| Fixtures - All types of assembly fixtures | X |   |
| Hydraulic and Pneumatic Items: (Unless Integral Part of Fixture) |   | X  |
| Installation Costs - Initial only, including cost of wiring assembly fixtures to control panels, mechanical knees, weld timers, etc. (It does not include installation cost for capital equipment.  | X |   |
| Machine bases, machine feeds, safety items, and guarding  |   | X |
| Masking devices - Only first complement  | X |   |
| Mechanical Knees  |   | X |
| Motors |   | X |
| Patterns – Only when casting fixture components are required as an integral component of the fixture. | X |   |
| Portable Welding Guns of standard design  |   | X |
| Prototype Parts for Tooling Aids  | X |   |
| Spotting Models  |   | X |
| Transformers and Cables |   | X |
| Tryout Expense  |  | X |
| Weld Guns (Only when within special weld fixtures) | X |   |
| Transformer Guns |   | X |
| Weld Test Equipment/Fixtures |   | X |
| Automation (Only when within fixture) | X |   |
| Weld Timers  |   | X |
| Welding and Assembly Fixtures - All Types  | X |   |

**Appendix I**

**BAILMENT AGREEMENT**

THIS BAILMENT AGREEMENT (hereafter referred to as "Agreement") is entered into as of Month Date, Year by and between Allison Transmission, Inc. (hereafter referred to as "Bailor") and Bailee Co. Name, (hereafter referred to as "Bailee"), collectively referred to as “Parties.” In recognition of the mutual promises, and other good and valuable consideration, receipt of which is hereby acknowledged, Bailor agrees to deliver and Bailee agrees to accept the bailment of certain of Bailor's property, at no cost to Bailee, as described below.

**1**. DESCRIPTION OF BAILED PROPERTY**.** Bailor shall bail to the Bailee property identified on Exhibit A attached hereto. This shall include, but not be limited to, design drawings and/or operating instructions of items listed in Exhibit A.

2. VALUE OF PROPERTY**.** The value of the Property at the time of bailment to Bailor is listed in Exhibit A.

3. PLACE OF DELIVERY.The Property shall be delivered to Bailee at Bailee Company Address.

4. PURPOSE**.** Subject to Section 9,Bailee shall use the Property only for the purpose of testing and or manufacturing parts for Bailor. Bailee's use shall comply with all applicable laws and regulations and with applicable requirements and instructions so long as those applicable requirements or instructions are provided in writing by Bailor to Bailee.

5. PLACE OF RETURN.The Property shall be returned by the Bailee to the Bailor at address specified by the Bailor [at Bailor’s request] on or before date requested by Bailor, with transportation paid by Bailor. This period of bailment may be extended by mutual written agreement by the Parties in a separate agreement or an amendment to this Agreement. The Bailor may request return of the Property at any time with three (3) business days’ written notice to the Bailee, with transportation paid by the Bailor.

6. POINTS OF CONTACT**.** The individuals serving as points of contact for the Property are:

For Bailor

Directorr, Capital & Asset Mgmt. Cell No. [EMAIL ADDRESS]

Allison Transmission, Inc.
One Allison Way
Indianapolis, IN 46222

For Bailee

[NAME] Cell No. [EMAIL ADDRESS]

[ADDRESS]

[ADDRESS]

 [CITY, STATE ZIP CODE]

**7**. TITLE AND TRANSFER OF PROPERTY.Title to the Property shall remain with Bailor and Bailee shall not sell, transfer, lease, mortgage, borrow against, pledge or otherwise create a legal or equitable interest by any third party in the Property.

**8.** WARRANTY**.** Bailor makes no warranties, express or implied, as to the property’s condition merchantability, or fitness, or fitness for any particular purpose.

9. LIABILITY FOR LOSS OF PROPERTY.Bailee assumes the risk of, and shall be responsible for, any loss or damage to the Property and/or any loss or damage arising out of the use of the Property while the Property is in Bailee's possession or control. Bailee shall return the Property in a similar condition as when the Property is delivered to Bailee, except for reasonable wear and tear thereof. Any excessive wear and tear, damage, or loss of Property shall result in payment by the Bailee to the Bailor of an amount less than or equal to the Property value set forth in Section 2, with said amount being agreed upon by the Parties after negotiating in good faith. If the Parties cannot agree upon an amount, an independent third-party skilled in the field of product valuation shall be selected by the Bailor to provide a binding valuation, with paid for by the Bailee.

10. LIMITATIONS OF LIABILITY.In no event shall either Bailee or Bailor be liable to the other for special, incidental, or consequential damages arising out of or connected in any way with the bailment, use, or operation of this Property.

11. APPLICABLE LAW.This Agreement shall be construed and interpreted in accordance with the laws of the state of Indiana, without resort to said state's conflicts of laws rules. If any provision is found to be illegal or otherwise unenforceable by any court or other judicial or administrative body, the other provisions shall not be affected thereby and shall remain in full force and effect.

12. ASSIGNMENT.Neither party shall assign any of its rights or obligations under this Agreement without the prior written consent of the other party.

13. RELATIONSHIP OF PARTIES**.** This Agreement is not intended by the Parties to constitute or create a joint venture, pooling arrangement, partnership, or formal business organization of any kind, and the rights and obligations of the Parties shall be only those expressly set forth herein. Neither party shall have the authority to bind the other except to the extent authorized herein.

14. COMPLETE AGREEMENT.This Agreement constitutes the complete and final Agreement between the Parties and supersedes all prior representations and agreements of the Parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be signed by their duly authorized representatives as of the Effective Date.

[Bailee]Allison Transmission, Inc.

By: By:

Printed: Printed:

Title: Title: Director, Capital and Asset Mgmt

**EXHIBIT A**

**DESCRIPTION AND VALUE OF PROPERTY**

The description and value of Bailor’s property is as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Asset #** | **Part Nbr** | **PO Nbr** | **Line Item** | **Project** | **WBS** | **Cost** | **Description** |
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**Bailment Agreement Addendum:**

Continuation of Current Bailment Agreement dated Month, Date, Year on file (“**Existing Bailment Agreement**”). All previous bailment agreements with Vendor Name, are replaced by the Existing Bailment Agreement.

EXHIBIT A has been updated for additional tooling highlighted below to Existing Bailment Agreement for tooling located at Vendor Name, V/C XXXX

This EXHIBIT A replaces all previous EXHIBITS to the Existing Bailment Agreement.

DESCRIPTION AND VALUE OF PROPERTY

The description and value of Bailor’s property is as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Asset #** | **Part Nbr** | **PO Nbr** | **Line Item** | **Project** | **WBS** | **Cost** | **Description** |
|  |  |  |  |  |  |  |  |
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Highlighted sections added to Bailment Agreement on Date: