

Tool Loan Contract

between

Company

Road

Post-Code; City

- hereinafter referred to as the SUPPLIER -

and

KOSTAL Automobil Elektrik GmbH & Co. KG

An der Bellmerlei 10

58513 Lüdenscheid

- hereinafter referred to as KOSTAL -

including all affiliated companies of the KOSTAL Group

Preliminary comment

This tool loan contract governs only the rights and responsibilities relating to the tool on loan. The rights and responsibilities arising from this tool loan contract also apply in favour of and as the responsibility of companies in the KOSTAL Group. The legal stipulations arising from the independent supply agreement with regard to the products manufactured from the tool on loan are to this extent not dependent on this tool loan contract.

No payment is owed for the loan. Because of this the SUPPLIER shall charge no amortisation costs to KOSTAL for the products.

1. Object of the Contract

Within the terms of this contract a tool on loan is a tool or manufacturing device which KOSTAL makes available free of charge to the SUPPLIER for the production of production material and/or parts for KOSTAL and/or on behalf of KOSTAL. This also includes the manufacture or procurement of tools by the SUPPLIER, which are wholly or in part the property of KOSTAL or KOSTAL's customers.

The objects of this contract are the conditions for the transfer on loan of tools, manufacturing devices and inspection equipment of all kinds, including jigs, fixtures and gauges, as well as models and accessories (referred to hereinafter as tool on loan or also as tool). The tools on loan covered by this contract are set out in Appendix 1 as well as the delivery notes to the tools which have been transferred or rather the list of tools on loan which the SUPPLIER must prepare for KOSTAL in accordance with Section 8.1.

2. Provision of a Security

Before releasing tools on loan, KOSTAL can determine whether and to what degree, manner and for what period security for the tools on loan must be provided by the SUPPLIER. If security is to be provided, KOSTAL will release the tools on loan only when security has been provided. KOSTAL is required to release security only when the SUPPLIER has complied with all contractual obligations.

3. Ownership of the Tools on Loan

3.1. The SUPPLIER cedes property in the tools to KOSTAL in cases where the SUPPLIER produces the tool himself, or whether he or KOSTAL has it manufactured by an external tool maker and it is delivered directly to the SUPPLIER. Hereafter KOSTAL automatically claims ownership of the tool, if it is provided entirely to the SUPPLIER and KOSTAL has paid for it in accordance with the contract. At the same time a loan relationship is agreed between KOSTAL and the SUPPLIER. This applies also to tools provided directly by KOSTAL. All rights based on the ownership of the tools on loan provided by KOSTAL to the SUPPLIER (the borrower) remain reserved exclusively with KOSTAL (the lender).

3.2 Insofar as KOSTAL's customer has paid in full for the tool, that customer becomes owner of the tool in question, instead of KOSTAL. However, in terms of the legal relationship with the SUPPLIER, KOSTAL always remains the lender and observes these rights. In addition, the terms of the tool loan contract apply when KOSTAL is merely part-owner of the tool within the terms of Section 8.5.

3.3 The tools on loan must be identified permanently by the SUPPLIER at an easily visible point with the specified tool-number and/or part-number, as well as the KOSTAL company name, in such a way that they can be recognized at all times as the property of KOSTAL. If a plate with the production device number and indication of ownership is provided by KOSTAL, this must be attached to the tool on loan. The same applies to identification in favour KOSTAL's customer, if he is the owner instead of KOSTAL.

3.4 Tools on loan replaced in accordance with Section 5.1 become the property of KOSTAL when their manufacture is completed and they are received at the SUPPLIER's premises. The transfer of the tools on loan takes place in that the SUPPLIER receives the tool for KOSTAL and exercises control on behalf of KOSTAL. At the same time, the tools are included in this loan contract.

3.5 If the SUPPLIER modifies, processes or combines the tools provided to him on loan, or converts them, this is carried out for KOSTAL and only on KOSTAL's explicit instructions. KOSTAL becomes sole owner of the items created by the modification, processing, combination or conversion.

4. Custody and Use

4.1 The SUPPLIER is responsible for and guarantees that the tool on loan is ready for use at all times. He must provide custody of the tools on loan, without charge, with the care of a prudent businessman. Only technically suitable and adequately trained personnel must be employed for activities on or with the tools.

4.2 The SUPPLIER is responsible for ensuring that the tools on loan are always in a condition which complies with the applicable legal regulations and health & safety regulations.

4.3 The tools on loan may be used by the SUPPLIER exclusively for the execution of orders from KOSTAL, unless KOSTAL issues agreement in writing for any other procedure. In particular, the SUPPLIER must not produce parts from the tool on his own account and bring them onto the market.

5. Maintenance and Repair

5.1 As a principle, the necessary maintenance, inspection, overhauls and repairs must be carried out by the SUPPLIER at his own cost and on his own responsibility.

After repairs which might result in changes to the parts produced, the parts must be submitted again to KOSTAL as a sample submission, complete with initial sample inspection report.

5.2 For each tool, a life history record must be maintained in an appropriate form, which can be called up at any time. All maintenance and inspection dates, overhauls, repairs and changes in issue level must be entered in this record.

5.3 For tools which are manufactured by the SUPPLIER on behalf of KOSTAL or which are obtained from a third party, the following ruling applies :

During their life, the SUPPLIER is obliged to carry out free-of-charge maintenance of the tools on loan in accordance with DIN 31051 (maintenance, inspection and overhauls). He shall carry out this work in good time and advise KOSTAL in good time of the need for replacements of the tools on loan, so that shortages of the parts to be manufactured or non-compliance with the delivery dates agreed in the orders for parts are excluded.

5.4 For tools provided by KOSTAL the following rulings apply :

5.4.1 Tools provided are those which the SUPPLIER himself has not manufactured or obtained. The regulations set out in Sections 5.1 to 5.3 also apply, taking account of the following terms agreed in favour of the SUPPLIER under Section 5.4.2.

5.4.2 Regarding essential repairs to tools which are provided, the following applies: as a general principle, the SUPPLIER contributes to all repairs, up to a figure of € 1.000 per event. Costs over this amount will be borne by KOSTAL, if the SUPPLIER has these approved by KOSTAL before the repairs are carried out and the repairs have not become necessary as the result of negligence or intentional actions by the SUPPLIER's employees or representatives.

6. Transport, Packing and Insurance

6.1 The SUPPLIER undertakes to insure the tools on loan adequately, at his own cost, for all intermediate transport operations which he carries out and to pack and transport them in such a way that damage to or loss of the tools on loan is prevented. For safety reasons (e.g., theft; damage caused by too frequent loading and unloading, etc.) tools on loan must not be shipped as collective combined shipment goods without explicit approval from KOSTAL.

KOSTAL Tool Loan Contract

6.2 The SUPPLIER is further obliged to inform KOSTAL without delay and in writing of any damage caused to tools on loan. He must pursue any claims for damages against shipping companies, freight carriers and other third parties, complying with the status of limitation for reporting damages and must, where required, assign these title to KOSTAL.

6.3 The SUPPLIER bears the risk for any kind of deterioration (with the exception of normal wear and tear) and ruin (destruction or loss) of the tool on loan. Insurance of the tools on loan to their full replacement value, against ruin or damage from fire, theft, burglary, misappropriation, vandalism, environmental risks and against tap water must be taken out by the SUPPLIER at his cost and in favour of KOSTAL and assign the claims against the insurance where required. He shall maintain the insurance policy for the duration of the contractual relationship.

6.4 The SUPPLIER is obliged to provide KOSTAL at any time upon request of the existence of his insurance.

7. Liability and Warranty

7.1 With regard to the tool loan contract, liability and warranty covering all damages are covered by the general legal regulations, unless other rulings have been agreed in the contract.

7.2 For the duration of this tool loan contract, KOSTAL assigns to the SUPPLIER his claims under warranty and liability arising from the legal relationship with the manufacturer and/or supplier of the tool on loan and the SUPPLIER hereby accepts this transfer. As a general principle, used tools from KOSTAL are transferred to the SUPPLIER in the condition in which they exist, with wear or possible deficiencies not being excluded. Any damages or deficiencies of any kind whatever, arising from these reasons, are not grounds for claims for damages against KOSTAL.

8. Stock-Taking and Issuing Tools

8.1 At the conclusion of this contract the SUPPLIER shall draw up a complete list of all tools on loan from KOSTAL, held at the SUPPLIER's premises, in accordance with the appendix. This list must be permanently up-dated and always held available. In addition, on December 31, of each year, the stock shall be recorded and must be reported to KOSTAL in writing, without a request from KOSTAL by January 15, of the following year.

8.2 In addition, KOSTAL is entitled at any time to carry out a taking-stock of tools on loan at the SUPPLIER's premises.

8.3 In principle the tools on loan are transferred to the SUPPLIER for an unspecified time. However, KOSTAL is entitled to demand the return of individual or all tools on loan giving one month's notice. In the case of tools on loan where there is no current order cover, KOSTAL is entitled to demand the return of these tools immediately. The SUPPLIER renounce any right of retention against KOSTAL. In particular he exercises no right of lieu and will make no claim to right of lieu regarding the tools on loan. The SUPPLIER is not permitted to pledge, or allow the pawning of tools on loan.

8.4 The issue of tools on loan must include existing maintenance documentation, tool drawings and all existing assembly and auxiliary jigs and fixtures, including spares and replacement parts (accessories), if the SUPPLIER does not already require them in order to fulfil his delivery obligations toward KOSTAL. KOSTAL and the SUPPLIER will come to a mutually agreed ruling with regard to any tool costs which are not amortized, or current orders.

8.5 Insofar as the tools on loan are not 100 % the property of KOSTAL, then KOSTAL and the SUPPLIER shall have joint ownership, shared in accordance with the proportion of involvement. The share of ownership is the subject of an inventory by KOSTAL. The SUPPLIER's share of ownership is agreed as being covered by a right of pre-emption in favour of KOSTAL under the law of obligation.

KOSTAL is entitled to acquire by purchase the SUPPLIER's part-ownership of tools against payment of the proportionate manufacturing and sourcing costs to the level which, as indicated by the balance sheets, have not yet been amortised by deliveries of parts. In this it is assumed that the tools can be used to manufacture parts to specification (OK parts) and that the amortisation is linear.

8.6 KOSTAL shall have the right to manufacture in an emergency, in the event that the SUPPLIER is not able to deliver. In this case, KOSTAL shall have the transferable right of use of the patents and know-how belonging to the SUPPLIER which are necessary for the emergency manufacturing. This right of use is acquired without payment, is non-exclusive and is not revocable. The right to manufacture in an emergency is limited in time to the duration of the period when the SUPPLIER is unable to deliver. It does not exist if the SUPPLIER fulfils his contractual obligations in full and without restrictions.

8.7 After the end of serial production, the tools on loan must be stored by the SUPPLIER at his own cost for at least fifteen (15) years in a condition in which they are ready to be used and, on request, must be returned to KOSTAL. Scrapping the tools is permitted only by written approval.

8.8 At KOSTAL's request the tools on loan, with accessories, must be returned with immediate effect (without delay) if the conditions relating to manufacturing in an emergency (see Section 8.6) or cancellation in exceptional circumstances exist.

9. Infringement of Ownership and Duty of Information

In the event of a pawning of the tools on loan, or any other dealings infringing KOSTAL's ownership by third parties, the SUPPLIER must do everything necessary to inform KOSTAL in writing and without delay and to protect KOSTAL's rights. The same applies if dealings of this kind are threatened. Costs arising from actions to fend off activities of this kind must be borne by the SUPPLIER or repaid by him to KOSTAL.

10. Confidentiality / Patent Rights / Transmission or Copying

10.1 The SUPPLIER undertakes that he will not explore the functionality and method of operation of the tools on loan and the parts which can be manufactured with their aid, either for himself or for third parties, if such are not the SUPPLIER's own know-how but originate from KOSTAL or third parties. Insofar as the know-how contained in tools on loan may be used only for KOSTAL and the right to patent applications in regard to the tools on loan, the parts which can be made from them and the associated processing procedures, including those in partial

KOSTAL Tool Loan Contract

areas, remains exclusively reserved by KOSTAL. The SUPPLIER is not permitted to make any patent applications of his own arising from this, nor have such applications made by third parties. In addition, the SUPPLIER undertakes that his employees will maintain confidentiality. The foregoing condition affects only the protection of others. It does not affect the SUPPLIER's own patent rights or know-how and his right to be able to exercise these rights without restriction.

10.2 Otherwise the existing (separate) confidentiality agreement between the parties to the contract shall apply.

10.3 The onward transmission or copying of the tools on loan by the SUPPLIER is not permitted without prior, written permission by KOSTAL.

11. General Purchasing Conditions

Insofar as this contract contains no other rulings, orders placed with the SUPPLIER regarding tools on loan and the parts manufactured with them are additionally subject to the current edition of KOSTAL's General Purchasing Conditions (www.kostal.com).

12. Duration of the Contract

12.1 This tool loan contract is concluded for an indefinite period of time. The parties can cancel it in an orderly manner at any time, with three (3) months notice from the end of the month, by registered letter.

12.2 As a general rule tools on loan are covered by a period of one month for their return, where KOSTAL is not entitled under the terms of Sections 12.3 to 12.5 to demand the immediate return of the item on loan.

12.3 Independent of the conditions stated above, the tool loan contract can be cancelled at any time with immediate effect by either party under exceptional circumstances if one of the following conditions occurs:

- if one of the parties goes into liquidation, becomes insolvent or seeks to defer payments or reductions in same in order to avoid insolvency, or for the same reason enters into insolvency proceedings with the creditors, either in a legal or non-legal context;
- if the ownership conditions of either of the parties, appertaining at the time the contract was concluded, change to a significant degree, or if control of one of the parties or a significant part of their ownership is transferred to other natural or legal persons and this change cannot reasonably be accepted by the other party.

12.4 In addition, KOSTAL can cancel the contract at any time under exceptional circumstances:

- if the SUPPLIER does not fulfil his contractual obligations arising from the supply relationship regarding parts which must be made from the tools on loan, despite warnings and setting of deadlines with the threat of refusal; and in particular if he goes into arrears with deliveries or the quality of the parts supplied does not meet the delivery requirements laid down by KOSTAL or the approved first-off samples approved by KOSTAL;

KOSTAL Tool Loan Contract

- if the Supplier can provide no suitable guarantees or actions to ensure secure supplies to Kostal, where the likelihood of an application for insolvency proceedings involving the Supplier can already be detected.

12.5 Otherwise, the right to cancellation in exceptional circumstances remains in force without restriction.

13. Miscellaneous

13.1 No supplementary agreements have been made. Changes and extensions to this contract, including this present clause, must be made in writing.

13.2 Should any one condition set out in this contract be or become ineffective in law, the validity of the other contractual conditions is not affected thereby. An ineffective condition shall be replaced by an effective clause which achieves as closely as possible the purpose of the ineffective clause. The same applies in the event of a loop-hole in the contract. The parties to the contract undertake to extend the contract if necessary.

13.3 The contract is subject to German Law. The sole court of jurisdiction is Hagen (Westphalia).

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Place; date

SUPPLIER

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Place; date

KOSTAL Automobil Elektrik GmbH & Co. KG

Signatures for the Supplier

Signatures

Appendix 1 : List of tools distributed by KOSTAL¹ to the supplier : _____

Leihwerkzeugvertrag / Tooling Loan Contract										KOSTAL Form Revision: 2008-03-27			
Aktualisiert am / Updated on: JJJJ-MM-DD													
Allgemeine Informationen / General Information						Technische Informationen / technical information							
Lfd. Nr. / Pos.	Kostal Investitionsgut-Nummer / Investment good number	Teile- Zeichnungsnummer / Part drawing number	Teile-Bezeichnung / Part Description	Projekt- und Artikelbezeichnung bei Kostal / Project and article description at Kostal	Erst-Kunde in der KOSTAL Gruppe / First customer in the KOSTAL group	Investitionsgut-Typ / Investment good type	Werkzeug-Beschreibung / Tooling description	Erforderliche Maschinen / Required machines		Stanzen / Stamping		Höhe / Height [mm]	Breite / Width [mm]
								Grösse - Schließkräfte / Size - clamping forces [tons]	Art / Type	Hubzahl / No. Of strokes [1/min]	Vorschub / Feed [mm/s]		
1.				e.g. Daimler R230 light switch e.g. BMW PL2 roof switch module	e.g. Kostal England (KOB)								
2.				e.g. BMW PL4 gear selection switch	e.g. Kostal Lüdenscheid (LK)								
3.					e.g. Kostal Mexico (KOMEX)								

Technische Informationen / technical information							Kommerzielle & Rechtliche Informationen / Commercial & legal information						Bemerkungen / Comments
Einbauhöhe / Installation height [mm]	Formöffnungs- weg / Mould opening stroke [mm]	Kavitätenanzahl / Number of Cavaties	Zykluszeit / Cycle time [sec]	Brutto Teilgewicht / Gross Part weight [g]	WKZ-Hersteller / Tooling Producer	WZ-Gewicht / Tooling Weight [kg]	Investitionsgut-Standort / Investment good location	Zuletzt aktiv am / Last production date	Vereinbarte Standzeit / Agreed lifetime [St. / pc.]	Anschaffungs- wert / Purchasing price	Eigentums- Anteil des Verleihers / Lender's co- ownership share [%]	Werkzeug- Kennzeichnung / Tooling identification	

¹ Note: a) It is also possible to submit this list of investment goods with a different data format of the same tenor.
b) We recommend to request the shown list as an EXCEL file at your responsible buyer.