



K&K
STAMPING Co.

Supplier Development Manual

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1. Introduction

1.1 Mission Statement

The mission of the K&K Stamping Purchasing Department is to provide our internal and external customers with materials, components, and services at the optimum quality, cost and delivery using the best purchasing practices. By continuously improving our knowledge about new technologies, materials and outside processes in the global market, we will exceed our internal and external customers' needs.

1.2 Purchasing Policy & General Requirements

K&K Stamping Company recognizes that Suppliers are a key element in producing world quality products. Our manufacturing processes depend heavily on our Supplier's quality and delivery. The Purchasing Team is striving to work more closely with Suppliers to give our internal and external customers the best quality, value, and delivery possible.

Through the development of this Manual, we've established standards defining the expectations needed from our supply base. This Manual outlines practices and procedures to simplify processes, improve communications and aid in maintaining a positive business relationship.

ISO/TS-16949 is the Quality System Standard used as the foundation for Supplier development at K&K Stamping Company. Suppliers must meet the requirements of ISO 9001:2000 in order to assure us that effective procedures and processes are in place that ensure the timely delivery of quality goods and services.

We rely on our Suppliers to provide consistently superior products and services at costs that will permit K&K Stamping Company to compete in today's global marketplace. We look forward to working with our Suppliers to achieve our goals and welcome any continuous improvement suggestions to improve quality, delivery, and reduced cost.

1.3 Supplier Development Goals

Since our Suppliers play such an important role in the quality, cost, and delivery of our products to our customers, relationships with Suppliers must be based upon a solid foundation. Our Supplier development practices in this Manual have the following goals:

- On-Time Delivery
- Reduced PPM (parts per million)
- Reduced Cost

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- Continuous Improvement

1.4 Confidentiality and Proprietary Rights

Suppliers are expected to maintain the confidentiality of any proprietary information received in regards to the business of K&K Stamping Company.

In the course of our business relationship, K&K and its Suppliers may disclose, either orally or in writing, confidential information through a quality review, during factory visits, through the quoting process, or in any other business dialogue. This information may include, but is not limited to, sales and purchasing data, training information, technical knowledge, ideas, inventions, techniques, marketing plans, strategies, forecasts, new products, systems documentation, computer programs, confidential reports, correspondence, memoranda, documents or other materials of the Corporation. This information is considered to be proprietary and must be kept confidential. Our Suppliers will not, at any time, without prior written consent of K&K Stamping Company make any use of any portion of the confidential information or transfer any portion thereof to any other person or business entity.

K&K Stamping Company may request at any time, and our Suppliers must return any confidential and proprietary information received in whatever form or media, including all copies and records thereof.

2. Purchasing Requirements

2.1 Purchase Order Requirements

K&K Stamping Company's Purchasing Team will solicit requests for quotation for materials, components and services. Purchases are made from Suppliers on the K&K Stamping Company's Approved Supplier List.

Standard Terms and Conditions are outlined on the Purchase Order. Our Suppliers are expected to read these terms and conditions and abide by them. If a Purchase Order is faxed without the Terms and Conditions, it is up to the Supplier to request a copy.

Purchasing documents contain the data to clearly describe the specifications of the product or service being ordered. Blueprints and/or other specifications may be attached. Upon receipt of a Purchase Order, an acknowledgement is required from the Supplier that the terms can be met. Occasionally an amendment to the Purchase Order is necessary. In those cases, a separate document will be sent and will also require acknowledgement. If the Supplier does not return an acknowledgement, but proceeds with fulfilling the Purchase Order, it will be deemed that all terms and conditions will be met.

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Any deviations from the Purchase Order without the written consent of K&K Stamping Company will result in the material being returned to the Supplier at the Supplier's expense.

All purchased materials used in the manufacture of our parts must meet current Governmental and safety constraints and requirements on restricted, toxic, and hazardous materials as well as environmental, electrical, and electromagnetic considerations.

A chargeback (including premium freight and administration fees of no less than \$150) may be made to the Supplier for failing to meet delivery and/or quality requirements when:

- The Supplier is past due
- An extra shipment is required due to rejected material
- The Supplier fails to use a designated shipping carrier
- The material is rejected for being non-conforming according to the purchase order specifications.

2.2 Delivery Requirements

100% on-time delivery is required of our Suppliers. The dates stipulated on our Purchase Orders are "in-house" dates. We expect our Suppliers to allow enough transit time when shipping to ensure the product is delivered by the "in-house" date.

To be considered on-time, we allow a window of up to two days early and one day late. Any shipments received outside of this 4-day window are considered to be not on time and will affect the Supplier's delivery performance rating with K&K Stamping Company.

2.3 Shipping Requirements

Quantity – K&K Stamping Company reserves the right to reject and return products or materials in excess of quantities ordered. Rejected material will be returned at the Supplier's expense. Generally, our tolerance is +/- 5% of the ordered quantity.

Method- Suppliers are expected to ship inbound product according to the routing instructions provided. Any shipments made via other means will be charged back to the Supplier.

Receiving Hours- Our receiving hours are 7:00 am to 4:00 pm. K&K Stamping does not receive between 9:30am-9:45am and 12:15pm-12:45pm. Please call the Shipping Department at the numbers indicated in section 6.2 during

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regular business hours to make special arrangements if you cannot deliver within these times. Holiday receiving hours may vary and should be confirmed prior to shipment.

Premium Freight- any premium freight charges paid by the Supplier due to late shipment or potentially late shipment MUST be communicated to the Shipping Department. We monitor premium freight for continuous improvement opportunities.

2.4 Documentation Requirements

K&K stamping Company has several documentation requirements necessary to efficiently verify, receive and identify products while maintaining lot traceability:

K&K Stamping Company's Purchase Order Number and Part Number must appear on all packing lists, containers and invoices. Without this information we cannot receive the shipment into our system and it will be rejected.

Raw Material Suppliers are required to send chemical and physical Material Certifications for each lot shipped. Our Purchase Order Number and Part Number must appear on the certification.

Component Part and Critical Material Suppliers are required to provide SPC data where specified on Purchase Orders and/or blueprints or specifications.

Outside Processors are required to list the K&K Work Order Number on shipping documents and certifications, in addition to our Purchase Order and Part Number. K&K Process Tags must be returned with the appropriate product. Containers must be properly matched up with the Process Tag that originally identified them. Certifications for all outside processing are required.

MSDS Sheets are required for all products coming in to K&K Stamping Company.

2.5 Contacts

In an effort to improve communications with our Suppliers, K&K Stamping Company will provide a Supplier Contacts list with this Manual and whenever the list is updated. This list contains those people at K&K stamping Company who should be contacted in the event of questions or issues in relation to Purchasing, Accounting, Quality or Shipping.

We also require that our Suppliers provide K&K Stamping Company's Purchasing Team with the same information so that we can contact the

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appropriate personnel at your facility. A Supplier Profile Form is included with this Manual in order to facilitate this request.

3. Quality System Requirements

3.1 Quality System Standard

K&K Stamping Company is committed to the standards of ISO/TS 16949:2002 and feels that this provides a foundation to effective Business Management. Per the standard, key Suppliers must be registered to ISO 9001:2000 by an accredited third-party certification body, with the goal of conformity to TS 16949:2002.

K&K Stamping Company will evaluate and select Suppliers on the basis of their ability to meet contract requirements. This includes the Quality System. In order to be a valued Supplier, we must have a copy of your current TS 16949:2002 or ISO 9001:2000 registration certificate on file.

3.2 On Site Quality System Review

K&K Stamping Company reserves the right to visit our Suppliers periodically at a time of our choosing. Our intent is to establish the status of the Supplier's Quality System and/or verify that the Supplier is maintaining the consistent level of quality as required by our standards.

K&K Stamping Company may visit Suppliers as necessary depending upon the type of supplied product, impact of the supplied product on our final product, or as a result of Supplier performance scores or other quality issues.

3.3 Supplier Nonconformances

The Supplier is always responsible for only shipping materials that meet specified requirements. If a Supplier discovers that nonconforming product may have been shipped to K&K Stamping Company, the Purchasing Team must be immediately notified.

If nonconforming product is detected once it is delivered to K&K Stamping Company, the impact will be reflected in the Supplier's quality performance rating. Disposition of nonconforming material is required to be addressed by the Supplier in a timely fashion and replacement at the Supplier's expense is expected. In some cases, depending on the urgency of the situation and impact of the material, rework or sorting charges may be incurred. In all cases, any charges, including premium freight to our customer, resulting from the nonconformance will be the responsibility of the Supplier.

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3.4 Supplier Reject Reports and Corrective Actions

K&K Stamping Company uses a Supplier Corrective Action Request (SCAR) system to record and document nonconformances in our Supplier's goods and services. The purpose of this system is to:

- Identify and define an issue
- Report the problem to the Supplier
- Track the Supplier's response to the issue
- Track the frequency of nonconformances from the Supplier
- Compile the Supplier's performance rating

SCAR Procedure

- Upon detection of a quality concern, K&K Stamping Company will communicate with the Supplier and provide sufficient information to ensure that the Supplier fully understands the nonconformance associated with their product or service.
- Whenever possible, samples of the defective product will be available to the Supplier for evaluation. Photographs will also be utilized if practical.
- K&K Stamping Company will define the severity of the nonconformance.
- K&K Stamping Company will work with the Supplier to ensure proper disposition, containment and, if necessary, replacement of the product.
- Timely response on containment and disposition are required as indicated on the form.
- Suppliers will have a defined procedure for corrective action. An 8D or similar problem resolution process is recommended for documenting and verifying corrective actions.

3.5 PPAP Procedures

K&K Stamping Company will involve Suppliers as early in the development cycle of the product as possible.

While certifications to specification are mandatory, Suppliers may also be required to submit documentation in accordance with the AIAG Production Parts Approval Process (PPAP), which includes requirements for samples, layouts, capability studies, control plans, performance test results, and material certifications. When this requirement applies, it will be stated on the Purchase Order. Please refer to the AIAG Production Parts Approval Process – PPAP Manual for details.

3.6 Verification of Purchased Product

Should K&K Stamping Company require verification of the Supplier's product at the Supplier's location, we will specify those arrangements and the method of release of the product in the purchasing documentation.

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Where specified in our Customer's contract, our customer representative must be afforded the right to verify at our Supplier's premises that the product being supplied conforms to specifications. In this situation, this verification does not absolve the Supplier of the responsibility to provide acceptable products, nor can the verification be used by the Supplier as evidence of quality control, as quality system requirements must still be maintained.

4. Performance Requirements of Suppliers

4.1 Supplier Performance Goals

Suppliers are expected to provide world quality performance and service. K&K Stamping Company monitors performance of Suppliers in the following areas:

- On-time delivery
- Nonconforming Material (by PPM – parts per million)
- Premium Freight
- Cost
- Proactive Problem Solving

4.2 Supplier Performance Scorecard

The K&K Stamping Company Supplier Performance Scorecard is an evaluation of a Supplier's performance, and it is used to develop our supply base and determine future business opportunities.

The Purchasing Team distributes the Scorecard periodically to all critical component suppliers on our Approved Supplier List. Each Supplier is measured for parts per million (PPM) nonconforming product and delivery rating. Additional addendums may be added for any other performance rating, not limited to those listed in section 4.1.

Upon Request, suppliers are required to respond to adverse scores on the Supplier Performance Scorecard with corrective actions addressing how the requirements will be met. K&K Stamping Company, upon request, will work with those Suppliers in problem solving techniques and issues which need correction to bring the Supplier to acceptable performance levels.

5. Change Approval Requirements

5.1 Supplier Requested Changes

Changes cannot be made by a Supplier without prior written authorization from K&K Stamping Company. Suppliers who wish to pursue changes in a component product design, manufacturing process, procedure, and/or control measure must request approval from the K&K Stamping Company Purchasing Team prior to implementing the change. Unauthorized changes

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are a reason for rejection of the material and for the Supplier's removal from the Approved Supplier List. The Supplier will be held responsible for all direct and indirect costs related to an unauthorized change.

Any requests for changes in the Supplier's process that could affect the ability of the product to meet requirements must be submitted to the Purchasing Team. These requests may include, but are not limited to:

- Process Location
- Quality Control Technique
- Fixtures
- Subcontractors

The request for process change must include the Supplier's plan for verification of the process change. The K&K Stamping Company Purchasing Team will notify the Supplier, in writing, of the approval or rejection of the change request prior to the shipping of any material.

5.2 Supplier Requested Deviations

Supplier requests for deviations are made to address a temporary condition that departs from the approved procedure or process used to produce or verify material or parts. Written authorization from the K&K Stamping Company Purchasing Team is required prior to the Supplier shipping any material with a deviation. Unauthorized deviations are a reason for rejection of the material and for the Supplier's removal from the Approved Supplier List. The Supplier will be held responsible for all direct and indirect costs related to an unauthorized change.

5.3 K&K Stamping Company Directed Changes

If K&K Stamping Company or its customers request a change from a Supplier, the Purchasing Team will communicate the change request to the Supplier. A Request For Quote (RFQ) will be sent to the Supplier with change documentation and a revised drawing or specification.


After evaluation of the Supplier's RFQ response, K&K Stamping Company will issue a Purchase Order to the Supplier for the change and direct the Supplier as to any PPAP, layout, and/or documentation requirements.

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6. Appendix

6.1 Supplier Corrective Action Request (SCAR) form

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	<h2 style="margin: 0;">Supplier Reject Report</h2> <h3 style="margin: 0;">Corrective Action Request (SCAR)</h3>									
<p>K&K Stamping Company 23015 West Industrial Drive Telephone: 586-443-7900 St. Clair Shores, MI 48080 Fax: 586-443-7905</p>		SCAR Number: <input style="width: 100%;" type="text"/> Date Issued: <input style="width: 100%;" type="text"/>								
Supplier Name: <input style="width: 100%;" type="text"/> Address 1: <input style="width: 100%;" type="text"/> Address 2: <input style="width: 100%;" type="text"/> Address 3: <input style="width: 100%;" type="text"/> Address 4: <input style="width: 100%;" type="text"/> Contact: <input style="width: 100%;" type="text"/> Phone: <input style="width: 100%;" type="text"/> Fax: <input style="width: 100%;" type="text"/>		KKStockCode: <input style="width: 100%;" type="text"/> PartName: <input style="width: 100%;" type="text"/> QtyReceived: <input style="width: 100%;" type="text"/> QtyReject: <input style="width: 100%;" type="text"/> DateReceived: <input style="width: 100%;" type="text"/> ShipperNo: <input style="width: 100%;" type="text"/> PONO: <input style="width: 100%;" type="text"/>								
Problem Detected: <input style="width: 100%;" type="text"/> Skid #: <input style="width: 100%;" type="text"/> Heat #: <input style="width: 100%;" type="text"/>										
Problem Description: <input style="width: 100%; height: 20px;" type="text"/>										
DISPOSITION										
Disposition: <input style="width: 100%;" type="text"/>										
K&K Authorization: <input style="width: 100%;" type="text"/>		Department: <input style="width: 100%;" type="text"/>								
RETURNS										
Authorization #/Type: <input style="width: 100%;" type="text"/>		Ship Method: <input style="width: 100%;" type="text"/>								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">ReturnQty:</th> <th style="width: 25%;"># Containers</th> <th style="width: 25%;">Weight</th> <th style="width: 25%;">Transition Ledger Code</th> </tr> </thead> <tbody> <tr> <td style="height: 20px;"></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	ReturnQty:	# Containers	Weight	Transition Ledger Code					
ReturnQty:	# Containers	Weight	Transition Ledger Code							
* CONTAINMENT AND VERIFICATION ARE DUE WITHIN 24 HOURS Yes <input type="checkbox"/> No <input type="checkbox"/> * ROOT CAUSE CORRECTIVE ACTION IS DUE TWO WEEKS FROM DATE ISSUED * USE THE 8-D FORMAT FOR YOUR RESPONSE										
Please respond to the Authorizing Department at the number listed above. Reference Part Number and SCAR Number on all correspondence.										
SUPPLIER ACKNOWLEDGEMENT										
* Signature (required): <input style="width: 100%;" type="text"/>		Date: <input style="width: 100%;" type="text"/>								
Comments: <input style="width: 100%; height: 20px;" type="text"/>										

Tuesday, January 03, 2006

Doc#: CF017 Rev: 4 Date: 10/18/2004

6.2 Supplier Contact List

In an effort to improve communications with our suppliers, please contact the following individuals within our company in the event of questions, delivery, or quality issues:

Name	Phone	Email
After Hours:	(586) 443-7932	
PURCHASING		
Todd M. Kyle	(586)-443-7933	tkyle@kandkcorp.com
QUALITY		
Rick Threm	(586) 443-7941	rthrem@kandkcorp.com
SHIPPING & RECEIVING		
Paul Bloedel	(586) 443-7929	pblodel@kandkcorp.com
Christine Sierengowski	(586) 443-7953	csierengowski@kandkcorp.com
ACCOUNTING		
Patricia Dainty	(586) 443-7922	pdainty@kandkcorp.com

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6.3 Supplier Profile Form

Please complete and fax a copy of this form upon receipt of this manual and whenever the information changes to:

K&K Stamping Company

Attn: Purchasing Team

Fax: (586) 443-7906

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Supplier Name:		
Supplier Address:		
Main Phone #:		
Main Fax #:		
Contact Name	Phone & Fax	Email
After Hours:		
SALES		
QUALITY		
SHIPPING & RECEIVING		
ACCOUNTING		