

(A) FINANCIAL RESPONSIBILITY OF SUPPLIER:

(A.1) IF PRODUCT IS FOUND TO BE NONCONFORMING UPON RECEIPT BY TCT (AND WITHOUT PRIOR NOTIFICATION OF THE NONCONFORMANCE BY THE SUPPLIER AND SHIPMENT AUTHORIZATION BY TCT), AND IS DEEMED BY TCT ENGINEERING TO BE REWORKABLE TO A USABLE CONDITION, SUPPLIER MAY BE HELD RESPONSIBLE FOR ALL COSTS INCURRED BY TCT ASSOCIATED WITH REWORKING THE PRODUCT, UP TO ITS ORIGINAL PURCHASE PRICE.

(A.2) UNLESS OTHERWISE APPROVED BY TCT IN WRITING, SUPPLIER SHALL BE RESPONSIBLE FOR THE FULL REPLACEMENT VALUE OF ALL NONCONFORMING CUSTOMER-FURNISHED PRODUCT, IN EXCESS OF 1% OF THE PURCHASE ORDER QUANTITY, IF THE NONCONFORMANCE IS DETERMINED TO BE CAUSED BY THE SUPPLIER AND THE PRODUCT IS DEEMED BY TCT TO BE SCRAP AS A RESULT OF THIS NONCONFORMANCE.

(B) NOTIFICATION REQUIREMENT:

(B.1) TCT ENGINEERING SHALL BE NOTIFIED WITHIN 24 HOURS (ONE BUSINESS DAY) OF THE SUPPLIER IDENTIFYING A NONCONFORMANCE RELATING TO CUSTOMER-FURNISHED PRODUCT.

(C) SHIPMENT OF NONCONFORMING PRODUCT:

(C.1) IF TCT ENGINEERING HAS AGREED IN WRITING (PRIOR TO SHIPMENT) TO ACCEPT NONCONFORMING PRODUCT IN ITS CURRENT CONDITION, THE SUPPLIER SHALL SUPPLY A SEPARATE CERTIFICATE OF CONFORMANCE FOR THE NONCONFORMING PRODUCT, REFERENCING THE P.O. NUMBER, PART NUMBER,

QUANTITY, MEANS OF TRACEABILITY, ETC. THE DOCUMENT SHALL ALSO STATE THAT THE PRODUCT DOES NOT FULLY CONFORM TO THE PURCHASE ORDER REQUIREMENTS AND SHALL IDENTIFY AND TAKE EXCEPTION TO THE SPECIFIC NONCONFORMANCES IDENTIFIED. SUPPLIER SHALL ALSO INCLUDE DOCUMENTATION FROM TCT AUTHORIZING ITS SHIPMENT. NOTE: SUPPLIER MAY STILL BE HELD RESPONSIBLE FOR ALL COSTS INCURRED BY TCT ASSOCIATED WITH REWORKING THE PRODUCT, UP TO ITS ORIGINAL PURCHASE PRICE.

(C.2) IF TCT HAS DETERMINED THAT NONCONFORMING CUSTOMER-FURNISHED PRODUCT IS NOT REWORKABLE / REPAIRABLE, THE SUPPLIER SHALL SUITABLY IDENTIFY THE PRODUCT TO INDICATE THE PRODUCT DOES NOT CONFORM TO THE PURCHASE ORDER REQUIREMENTS AND HAS BEEN DEEMED TO BE SCRAP.

(C.3) WHEN SHIPPING TO TCT, NONCONFORMING PRODUCT SHALL BE PHYSICALLY IDENTIFIED USING A TEMPORARY METHOD OF IDENTIFICATION (PREFERABLY A RED TAG). NONCONFORMING PRODUCT, WHEN SHIPPED WITH CONFORMING PRODUCT, SHALL BE SEGREGATED IN SEPARATE BAGS, BOXES, OR OTHER APPROPRIATE PACKAGING. THE PACKING SLIP SHALL IDENTIFY THE NONCONFORMING PRODUCT (QUANTITY AND IDENTIFICATION/TRACEABILITY) SEPARATELY FROM THE CONFORMING PRODUCT.

[REV. 04/02/08]