



April 1, 2008

Documented Savings Criteria

INVENTORY RIGHTSIZING:

ITEM	DEFINITION	MEASURE
1 Buyback	Osiris Innovations Group and/or its Subcontractors purchases or arranges for a 3rd party to purchase parts from Federal Mogul to reduce <u>Excess</u> or <u>Obsolete</u> inventory levels.	One-time \$\$ savings claim for actual credit or check received by Federal Mogul for item buyback. This captures the one-time cost avoidance of not replenishing an excess or obsolete inventory item.
2 Consignment	Osiris Innovations Group and/or its Subcontractors place a Federal Mogul stock item on Consignment Inventory at a Federal Mogul location. Osiris Innovations Group and/or its Subcontractors owns the item and bills Federal Mogul only when an item is consumed. Osiris Innovations Group and/or its Subcontractors obtains approval from the Technical Manager or his/her designated representative for Consignment items.	One-time \$\$ savings claim for the cost for any item placed on consignment resulting in the removal of that item from Federal Mogul inventory. This captures the one-time cost avoidance of not replenishing an inventory item or not adding a needed item to Federal Mogul inventory.
3 Branch Stock	Osiris Innovations Group and/or its Subcontractors develops a Stock Agreement with the local Federal Mogul site agreeing to keep a specific quantity of a current Federal Mogul stock item on inventory at all times with specific delivery expectations. The item in the Stock Agreement is then removed from Federal Mogul inventory through buyback or consumption and not replenished. Osiris Innovations Group and/or its Subcontractors owns the branch inventory and bills Federal Mogul only when ownership changes to Federal Mogul.	One-time \$\$ savings claim for the amount of inventory: 1) Actually eliminated by Federal Mogul; or, 2) Not added into stock by Federal Mogul because of the branch inventory. This captures the one-time cost avoidance of not replenishing an inventory item or not adding a needed item to Federal Mogul inventory.
4 Storeroom Reduction	Osiris Innovations Group and/or its Subcontractors analysis supports the reduction of current stock levels of stock items. <u>Standardization</u> of components resulting in reduced inventory levels is included in this category.	One-time \$\$ savings claim for the amount of inventory actually eliminated by Federal Mogul. This captures the one-time cost avoidance of not replenishing an unnecessary inventory item.

COST SAVINGS:

ITEM	DEFINITION	MEASURE
1 OEM Part Conversion	<p>A. Osiris Innovations Group and/or its Subcontractors identifies an OEM Part Conversion and provides the <u>same</u> item at a lower cost than the price last paid by Federal Mogul.</p> <p>B. Osiris Innovations Group and/or its Subcontractors identifies an OEM Part Conversion and provides a like part (same form, fit, function) at a lower cost than the price last paid by Federal Mogul. Osiris Innovations Group and/or its Subcontractors obtains approval from the MRO Industry Manager and/or local Technical Manager to ensure that equipment operation & warranties are not impacted.</p>	<p>Savings \$\$ per item order. Savings are calculated from the lowest price last paid by Federal Mogul. This savings can be annualized based upon unit cost savings and volume. However, occasional audits should be done and savings calculations adjusted as Osiris Innovations Group and/or its Subcontractors pricing changes.</p>
2 Warranty	<p>Osiris Innovations Group and/or its Subcontractors obtains Warranty credit for failed items and passes that warranty credit or cost avoidance to Federal Mogul. Items returned under Performance Warranty Agreements negotiated by Federal Mogul do not qualify.</p>	<p>Savings \$\$ per event based on the actual warranty credit or replacement part value negotiated with the Osiris Innovations Group and/or its Subcontractors or manufacturer.</p>
3 Material Substitution	<p>A. Osiris Innovations Group and/or its Subcontractors identifies and provides a <u>like</u> item at a lower cost than the price last paid by Federal Mogul.</p> <p>B. Osiris Innovations Group and/or its Subcontractors introduces a product replacement resulting in Longer Product Life for a part or component resulting in an overall cost savings.</p> <p>Osiris Innovations Group and/or its Subcontractors obtains approval from the Technical Manager or his/her designated representative for material substitutions.</p>	<p>A. Savings \$\$ per item order. This savings can be annualized based upon unit cost savings and volume. However, occasional audits should be done and savings calculations adjusted as Osiris Innovations Group and/or its Subcontractors pricing changes.</p> <p>B. Savings \$\$ per event based on: ((Original product cost * usage) - (New product cost * new usage)) = cost savings. Savings in this category are generally proven out over time.</p>
4 Unit Price Reductions	<p>Osiris Innovations Group and/or its Subcontractors provides the <u>same</u> item and/or service at a lower total cost (price + shipping) than the price last paid by Federal Mogul.</p>	<p>Savings \$\$ per item order. Savings are calculated from the lowest price last paid within the past 12 months by Federal Mogul. This savings can be annualized based upon unit cost savings and volume. However, occasional audits should be done and savings calculations adjusted as Osiris Innovations Group and/or its Subcontractors pricing and usage changes.</p>
5 Special Project	<p>Osiris Innovations Group and/or its Subcontractors introduces and Federal Mogul accepts a product, process, or inventory change resulting in cost avoidance or productivity improvement for Federal Mogul. Osiris Innovations Group and/or its Subcontractors submits a proposal to the Technical Manager or his/her designate outlining the project parameters and cost implications. Federal Mogul approves the project before the proposed change is initiated.</p>	<p>Savings \$\$ per project or event.</p>
6 Free Loaner Equipment	<p>Osiris Innovations Group and/or its Subcontractors negotiates the free use of tools or equipment by Federal Mogul.</p>	<p>Savings \$\$ per event based on reasonable rates from an equipment rental facility, manufacturer, or distributor. This does not include the free "testing" period for tools and equipment offered by many Osiris Innovations Group and/or its Subcontractor's.</p>

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COMPANY SUPPORT:

	ITEM	DEFINITION	MEASURE
1	Emergency Support/Solutions	Federal Mogul equipment is down for an item not identified as a site critical spare or on the local stock agreement between the local Osiris Innovations Group and/or its Subcontractors branch and the site. The required part is a long-lead time item and is not available in the manufacturer's, Federal Mogul's, Osiris Innovations Group and/or its Subcontractors', or Osiris Innovations Group and/or its Subcontractors competitor's distribution system within a reasonable timeframe. Federal Mogul expects to incur lengthy downtime as a result. Osiris Innovations Group and/or its Subcontractors identifies an alternative solution (i.e. material substitution with an item of similar form, fit, & function, or a quick-fix remedy) returning the equipment to operational status.	Subjective \$\$ per event based upon: Site uptime value X avoided downtime. Site Tech Mgr or designate must agree with determination.
2	Energy Efficiency	Osiris Innovations Group and/or its Subcontractors introduces a product replacement that decreases the energy consumption for electrical or pneumatic components resulting in an overall cost savings.	Savings \$\$ per event based on: (Energy Cost using original product - Energy Cost using new product) = cost savings. Savings in this category are generally proven out over time.
3	Rebuild Programs	Osiris Innovations Group and/or its Subcontractors negotiates rebuild/repair rates with local or national Osiris Innovations Group and/or its Subcontractor's. Osiris Innovations Group and/or its Subcontractors facilitates the delivery and return of rebuild/repair items to Federal Mogul.	Savings \$\$ per item order. Savings are calculated from the average diagnostic, rebuild/repair, and freight prices paid within the past 12 months by Federal Mogul.

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Should you have any questions, please contact me directly.

Thank you,

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