

Attachment "A"

BASIC PROGRAM ASSUMPTIONS

FOR

1968 GT-350 AND 500 MUSTANG

PROGRAM

1. A.O. Smith will receive Ford Mustang vehicles less certain components detailed in these assumptions. Vehicles will in all other respects be OK jobs, in driving condition.
2. A.O. Smith will ship finished vehicles in the GT configuration.
3. The GT-350 will have three basic engine options:
 - 302 cu. in. - 4 barrel
 - 302 cu. in. - Fuel injected
 - 302 cu. in. - SuperchargedThe GT-500 will have three basic engine options:
 - 428 cu. in. - 4 barrel
 - 428 cu. in. - Fuel injected
 - 428 cu. in. - Supercharged
4. Planned volume and delivery requirements are:
 - Hardtop annual volume: 6,000
 - Convertible annual volume: 2,000
 - Normal daily production will be 40 units.

ADMINISTRATION

1. Sales and Service

This will be a function of Shelby Automotive. Supplier will provide sufficient office space for Shelby and/or Ford representatives in an area restricted for their use.
2. Engineering

Styling will be a Ford-Shelby responsibility, with supplier providing advisory services, particularly in the areas of reinforced plastics. Body engineering will be a Smith responsibility, with liaison and approval by Ford-Shelby.

Engineering relating to power train and major electrical and mechanical installations will be a Ford-Shelby responsibility.

Supplier will provide space for Ford-Shelby engineering representatives either in their engineering area, or in the restricted Shelby location.
3. Quality Control

Supplier will employ their normal quality control group in assuring the quality of this product. Ford-Shelby quality representative will approve the finished product prior to shipment. Supplier will provide space for the Ford-Shelby quality representative, either in suppliers quality control offices or in the restricted Shelby location.
4. Miscellaneous Administrative Functions

Supplier to perform necessary routine functions involving:

 - Purchasing
 - Material Control
 - Production Control
 - Engineering Release and Change Control

Other normal administrative functions would be handled by the existing supplier organization currently devoted to these activities.

OUTLINE OF OPERATION

- 1/ Vehicles will be received approximately 15 per tri-level rail car.
2. Unload to pre-line storage area containing one day bank of vehicles.
3. Inspect incoming load.
4. Roll Test.
5. Repair body defects, except paint.
6. Repair mechanical defects.
7. Remove from bank on a first-in, first-out basis, and hoist to third floor assembly area. Droppon dolly on 40 station conveyor line.
8. Remove wheels and gas tank. Blow gas lines.
9. Perform necessary mechanical operations.
10. Assemble new prepainted body components to body.
11. Inspect and repair undercar components.
12. Install trim and interior components.
13. Tune engine.
14. Repair hardware if necessary.
15. Repair paint, if necessary.
16. Re-install components removed.
17. Remove from dolly and drop to first floor.
18. Final inspection.
19. Move to shipping storage containing one-half day bank of finished vehicles.
20. Return to Wixom (7) vehicles per haulaway truck.

DETAILS OF MODIFICATION

1. Mechanical Requirements
 - Remove and replace carburetor
 - Install high-rise manifold (302 CID)
 - Install new fuel line
 - Install rear spring loops
 - Provide space for 20% supercharger or fuel injection installation
 - Remove and replace valve covers
 - Inspect and repair undercar area
 - Provide space for rear disc brake installation
2. Body Requirements
 - Install front panels
 - Install head lamps and cans, road lamps and cans. Modify wiring harness as required, including harness material.
 - Install hood complete, including latch, striker, hinges, springs
 - Install grilles
 - Remove and re-install front bumpers. Remove, rework, and re-install arms.
 - Install air extractors
 - Install brake air scoops
 - Install rear quarter extensions
 - Install deck lid complete, including latch, striker, hinges, springs
 - Install rear lower panel. Rework existing panel and modify wiring harness as required
 - Remove and re-install rear bumper

- Spare tire mounting and wheel balancing to be included
- Water testing of the deck lid area is included in the operational set up

3. Interior Requirements

- Remove and re-install certain of the rear trim
- Install roll bar and trim
- Install seat belts and torsion take-ups
- Remove and replace rear seat belts
- Install cargo barrier on rear compartment floor
- Install assembly console and two instruments

4. Paint and Ornamentation

- New parts will be pre-painted to match the basic car. Acrylic enamel will be used so that the texture of the finish will match that of the adjoining metal
- Seven colors are anticipated
- Rocker stripes
- Provide space for rally stripes for installation
- Seal body areas as required
- Repair paint as required (refer to separate section on repair procedures)
- Install ornamentation:
 - Front End
 - Deck Lid
 - Gas Tank Cap
 - Front Fender
 - Seat Belt Medallion
 - Glove Box Door
 - Horn Ring
 - Tail Pipe Bright Extensions
 - Wheel Cover Medallion

MATERIAL

1. A.O. Smith will provide the following basic material.

- Reinforced plastic hood outer panel
- Reinforced plastic hood inner panel
- Static suppressing screen
- Reinforced plastic front end
- Reinforced plastic air extractor-inner-left and right
- Reinforced plastic air extractor-outer-left and right
- Air extractor attaching studs
- Reinforced plastic brake scoop inner-left and right
- Reinforced plastic brake scoop outer-left and right
- Brake scoop attaching studs
- Reinforced plastic rear quarter extension-left and right
- Rear quarter extension attaching studs
- Reinforced plastic deck lid outer
- Reinforced plastic deck lid inner
- Reinforced plastic rear lower panel
- Rear lower panel attaching studs
- Tail lamp and running lamp wiring harness extensions
- Paints, primers, solvents

2. Ford Motor Company, will furnish only the basic vehicle at no cost to A.O. Smith. All other materials common to Ford products will be purchased by A.O. Smith.
3. Supplier will provide all other components unique to this vehicle and not covered by No. 1 or No. 2 above.

REPAIR

1. General

It is assumed that some number of vehicles as received will require repair to meet the quality requirements of the GT program. It is also assumed that some damage will occur in processing through the A.O. Smith operation. Included in the area of repair or adjustment contemplated are:

- Dings
- Scratches
- Molding dings and fits
- Door fits and adjustment
- Hardware, latch, regulator malfunction and adjustment
- Weatherstrip replacement
- Mechanical repair and adjustment other than major repairs to power train
- Glass broken by A.O. Smith'
- Trim damage

It is assumed that irreparably damaged material received with the car would be replaced at no cost to supplier on a one-for-one basis. Standard Ford material (such as glass) scrapped by supplier will be replaced on a price and percentage basis.

2. Paint

Acrylic enamel will be utilized in the painting and repair of vehicles as required. It follows, therefore, that any damage to paint existing in the body as received or created by the supplier will require complete panel repair.

3. Exclusions

Certain types of repairs will be made on an individual work order basis, with a one-for-one replacement of material or component at no cost to the supplier.

- Major repairs to power train
- Body repairs resulting from gross stamping or body-building defects in the vehicle as received
- Complete replacement of soft top or stack

QUALITY

1. It is assumed that a quality level commensurate with the selling price be the objective and in accordance with whatever other procedures are mutually agreed upon by buyer and seller. The following specific steps are considered to be the minimum quality standard guide lines:

- Adherence to normal A.O. Smith quality standards and subject to their quality control procedures
- Provisions for acrylic enamel finish
- Provisions for thorough body and mechanical inspection and repair
- Provisions for substantial paint repair if necessary
- Ample assembly line space for quality assurance