



## **MASTER SUPPLY AGREEMENT**

It is in Harley-Davidson's and our key supplier's best interests to accurately define and describe our important supply chain relationships. To accomplish this and to enable Harley-Davidson and suppliers to most successfully execute our Supply Management Strategy (SMS), a Master Supply Agreement (MSA) was developed. It is the intention of Harley-Davidson to have our significant OE and P&A suppliers sign this agreement.

The MSA is a series of modules that describes in general terms how we work together with our suppliers. The MSA is not a long-term commitment; rather it is a commitment about how we will operate in the long-term. Part of a healthy and well-grounded relationship is to discuss then basis of collaborative efforts. The MSA forces both Harley-Davidson and the supplier to .get the issues on the table before they cause problems. With an MSA in place, both companies can rise above hard-to-read terms and conditions on the back of a purchase order and stay focused on more relevant issues of doing business.

The MSA contains a number of subject-specific modules. A few examples of the types of information covered in the module are:

- Confidentiality
- Delivery
- Business Interruption
- Supplier Product Warranty
- Products Liability
- Tooling & Equipment
- Conflict of Interest
- Customer Service

Successful understanding of the MSA requires frank and open discussions that afford both parties the opportunity to understand important issues in the particular relationship. By laying a firm groundwork of trust and understanding, we can eliminate poor negotiating positions or non value added finger pointing that both tend to occur when something does not go according to plan.

The MSA was developed with a handful of companies and worked into a pilot mode of operation with our Supplier Advisory Council during 1998. Beginning in 1999 suppliers who are new to Harley-Davidson Motor Company will not be approved unless they have signed the agreement. We are highly confident that this progressive agreement will prove beneficial for suppliers. Additional training in future years will occur based on need.



Doing Business with Harley-Davidson

Please contact your purchasing representative for further information.