

REYcomp Material Ordering Policies

- A. Initial Order. Customer shall provide REYcomp with an initial sixty (30) day firm purchase order (“**Order**”) for Product requirements. The Order – and all subsequent Orders – shall be binding. REYcomp shall make purchase commitments (including purchase commitments for Long Lead-time Components) to its Component suppliers (“**Vendors**”) based upon the Order, and Customer shall be responsible for all such Components purchased in support of Customer’s then Order.
- B. Material Requirement Planning Process.
1. REYcomp shall take the Order and generate a Master Production Schedule (“**MPS**”) in accordance with the process described in this Section. The MPS shall define the master plan on which REYcomp shall base its procurement, internal capacity projections and commitments.
 2. REYcomp shall process the MPS through industry-standard software that will break down Customer’s Product requirements into Component requirements. When no Product testing (in-circuit or functional testing) is required by Customer, REYcomp will use commercially reasonable efforts to schedule delivery of all Components to REYcomp eleven working days before the Products are scheduled to ship to Customer; in the event Product testing is required, REYcomp will use commercially reasonable efforts to schedule delivery of all components to REYcomp sixteen working days before the Products are scheduled to ship to Customer.
 3. REYcomp will release purchase orders to Vendors prior to the anticipated date that the Components are needed by REYcomp. The date on which these orders are released will depend on the lead time determined between the Vendor and REYcomp and REYcomp’s manufacturing or materials planning systems.
 4. A list of all Components with lead times greater than thirty days (“**Long Lead-time Components**”) shall be generated.
 5. Customer acknowledges that REYcomp will be required to order Components in accordance with the various minimum buy quantities, tape and reel quantities, and multiples of packaging quantities required by the Vendor. In addition, Customer acknowledges that there is a lag time between any Customer cancellation and the cancellation of the Components required to support production.
- C. Customer Component Liability.
Customer acknowledges that it shall be financially liable for all Components ordered in accordance with these Policies. Specifically, Customer’s Component liability shall be equal to REYcomp’s Delivered Cost of all Components ordered in support of any Order, including any Excess Components resulting from any minimum buy quantities, tape and reel quantities, and multiples of packaging quantities required by the Vendor less the actual cost (per the bill of materials) of those Components which are returnable to

Vendor (less any cancellation or restocking charges). At Customer's request, REYcomp shall use commercially reasonable efforts to minimize Customer's Component liability by attempting to return Components to the Vendor; provided, however, that REYcomp shall not be obligated to attempt to return to Vendor Components which are, in the aggregate, worth less than \$1,000. Customer guarantees the obligations of each of its subsidiaries or affiliates that places Orders pursuant to this Agreement, and agrees to be jointly liable for all such obligations.