

CREE, INC. PURCHASE ORDER TERMS AND CONDITIONS

These Cree, Inc. Purchase Order Terms and Conditions (“**Terms and Conditions**”), together with the purchase order to which they are attached (the “**Purchase Order**”), govern the duties, obligations and relationship between the supplier identified on the face of the Purchase Order (“**Supplier**”) and the Cree Entity identified on the face of the Purchase Order (“**Cree**”) with respect to the sale by Supplier and the purchase by Cree of the merchandise, materials, goods, equipment, and/or tools (collectively, the “**Merchandise**”) and/or labor and services (the “**Services**”) described in the Purchase Order. As used herein, the term “**Purchase Order**” shall include any supplements thereto issued by Cree and all specifications and other documents referred to therein by Cree, “**Cree Entity**” refers to Cree, Inc. or one of its affiliates, and an “**affiliate**” of a party is a person or entity that controls, is controlled by, or is under common control with such party, where “**control**” means possession of the power to direct the management, operations or policies of the controlled person or entity through stock ownership, contract or other arrangements.

Together, these Terms and Conditions and the Purchase Order are the “**Contract**” between Cree and Supplier. The Contract constitutes the complete and exclusive statement of the agreement between the parties with respect to the sale by Supplier and the purchase by Cree of the Merchandise and/or Services and supersedes any prior agreements, understandings, proposals or other communications, whether oral or writing, relating thereto. No addition or modification to the Contract will be enforceable unless otherwise agreed to in a writing signed by Cree. No terms or conditions appearing in Supplier's invoices or any other document furnished by or on behalf of Supplier that are different from, additional to or in conflict with the Contract will be binding on Cree, and any such terms or conditions are hereby rejected by Cree and waived by Supplier. Cree's order of all Merchandise and/or Services from Supplier shall be subject to the provisions of the Contract. In the event of any conflict between or among the provisions of one or more of these Terms and Conditions, the Purchase Order, and/or any other documents or agreements between Supplier and Cree that are incorporated herein or therein, the provisions most favorable to Cree shall control

1. Supplier's Acceptance. Supplier agrees to be bound by and to comply with all the terms and conditions of the Contract. Supplier's written acceptance of Cree's Purchase Order, performance of the Services, or shipment of the Merchandise called for by the Purchase Order, whichever occurs first, shall be deemed acceptance of the Contract. Cree's Purchase Order does not constitute an acceptance by Cree of any offer to sell, quotation or proposal from Supplier. Reference in the Purchase Order to any such offer to sell, quotation, or proposal shall in no way constitute a modification of any of the terms and conditions of the Contract or Cree's agreement to any of the terms and conditions of Supplier's offer to sell, quotation, or proposal (including any documents referred to therein) unless such modification or agreement is clearly and unequivocally intended by Cree and expressed in the Purchase Order.

2. Performance of Services and Delivery of Merchandise or Other Deliverables. Unless otherwise stated in the Purchase Order, time is of the essence in Supplier's performance thereunder. Performance of Services and deliveries of Merchandise and other deliverables shall be made in the quantities and at the time or times specified in the Purchase Order. Notwithstanding the foregoing, if the Purchase Order is identified as a blanket Purchase Order, the quantities specified in such blanket Purchase Order are included for administrative purposes only and shall not be considered a binding order by Cree to purchase any Services, Merchandise or other deliverables. Cree shall have no obligation with respect to a blanket Purchase Order unless and until Cree issues a release order to the Supplier to provide the Services, Merchandise or other deliverables, and such release order shall represent a commitment only for the quantities specified therein. In the event the Contract is terminated in whole or in part for any reason, Cree shall have no obligation to pay Supplier for unperformed Services or undelivered or properly rejected Merchandise and other deliverables. In addition to Cree's other remedies, and without further liability, Cree reserves the right: (a) if any performance or delivery is made before the time or times specified in the Purchase Order, in excess of quantities ordered or to a Cree location other than the delivery location specified in the Purchase Order, (i) to refuse performance or delivery and to return Merchandise or other deliverables at Supplier's risk and expense, including, without limitation, any warehouse or other storage costs

and extra handling costs incurred, or (ii) to accept performance or delivery, charge the Supplier for any warehouse or other storage costs and extra handling costs incurred, and determine payment due dates based on the originally scheduled performance or delivery date, and (b) if any performance or delivery is not made by the time or times and/or in the quantities specified, to take either or both of the following actions with respect to all or part of the late performance or delivery and charge Supplier with any resultant loss, including, without limitation, consequential or incidental damages, unless delayed performance or delivery has been authorized in writing by Cree: (i) to terminate the Contract in whole or in part without liability by notice effective when received by Supplier and to purchase Services, Merchandise or other deliverables elsewhere, or (ii) to direct Supplier to make expedited performance of Services or delivery of delayed or omitted Merchandise or other deliverables and to pay any incremental cost for such expedited performance or delivery. Supplier shall not, however, be liable for delays or defaults in deliveries due to causes beyond its reasonable control and without its fault or negligence. At any time Supplier has reason to believe that deliveries of Merchandise or other deliverables or performance of Services will not be made as scheduled for any reason, it shall immediately give Cree verbal notice setting forth the causes of the anticipated delay and its expectation as to when delivery or performance will be made. Such verbal notice shall be confirmed within seven (7) days by written notice from Supplier. If Cree accepts delivery of Merchandise or other deliverables that fall short of the quantities set forth on the shipping documents, Cree will adjust the quantities and extended price on the related invoice to reflect the quantities actually received. Cree's acceptance of Services, Merchandise or other deliverables is subject to any terms and conditions for acceptance in the Purchase Order or incorporated therein.

3. Shipping; Risk of Loss. No charges for unauthorized transportation will be allowed. Any unauthorized shipment that will result in excess transportation charges must be fully prepaid by Supplier. All items ordered shall be suitably packed and marked for shipping. Cree shall not be charged for any packaging, marking or boxing not separately itemized in the Purchase Order. Supplier shall be liable to Cree for any loss or damage resulting from Supplier's failure to provide adequate protection during shipment. Unless a

different shipping term is stated in the Purchase Order, Supplier shall deliver the Merchandise or other deliverable FOB the delivery point specified in the Purchase Order if the shipment is totally within the United States, or DAP (Incoterms 2010) the delivery point specified in the Purchase Order in all other cases. Title to and risk of loss shall remain with Supplier until the Merchandise or other deliverable is delivered to the FOB delivery point or DAP delivery point, as applicable, and an authorized representative of Cree has acknowledged receipt of the Merchandise or other deliverable in writing. Cree's acknowledgement of receipt shall not constitute acceptance of the Merchandise or other deliverable.

4. Shipping Documents. The Purchase Order number must appear on all shipping documents, invoices, quality certificates, if any, and packing slips. All shipments shall include a packing slip on the master carton. The packing slip shall include the following information: (a) Purchase Order number, (b) name of Cree representative requesting the Merchandise or other deliverable, and (c) a unique packing slip number. The shipping label shall state the Purchase Order number and the name of the Cree representative requesting the Merchandise or other deliverable. If Supplier does not comply with the terms of this section, Supplier authorizes Cree to deduct from any invoice of Supplier (or to charge back to Supplier), any increased costs incurred by Cree as a result of Supplier's noncompliance.

5. Supplier's Representations and Warranties. Supplier expressly warrants to Cree, Cree's affiliates, Cree's customers and to the ultimate end user that: (a) the Merchandise (including Merchandise sold to Cree but manufactured by others) and other deliverables, as well as all material, packaging and work covered by the Contract will: (i) conform to the drawings, specifications, samples or other descriptions furnished or adopted by Cree; (ii) conform to all representations of and specifications provided by Supplier unless otherwise instructed by Cree, including without limitation all information provided in the product qualification process (iii) meet or exceed the quality standards furnished or adopted by Cree; (iv) be merchantable and free from defects in material and workmanship; (v) be authentic and new; and (vi) conform to such other requirements communicated by Cree to Supplier in writing; (b) the Services will be performed in a timely, reasonable, and workmanlike manner and in accordance with generally accepted industry standards; (c) the performance of the Services and the sale and/or use, alone or in combination, of the Merchandise or other deliverables do not and will not infringe or violate any U.S. or foreign letters patent, any right in or to any patented invention or idea, or any trademark or copyright and have not been the subject of an allegation of infringement of a third party's intellectual property rights; (d) the performance of the Services and the production, storage, packaging, labeling, listing, pricing, delivery and sale of Merchandise or other deliverables hereunder are in compliance with all foreign, U.S., state and local laws, rules and regulations, and all international and national standards applicable thereto, including, without limitation, any local law or requirement applicable to the designated delivery location for listing and labeling by a third party testing agency of Merchandise that constitutes electrical or industrial equipment or machinery; and (e) Supplier is conveying good title to the Merchandise or other deliverables, free and clear of any liens or encumbrances. Supplier acknowledges that it has knowledge of Cree's intended use of the Merchandise and warrants that all Merchandise has been manufactured by Supplier based on Cree's intended use and shall be fit and sufficient for the particular purposes intended by Cree.

If the Merchandise (or deliverables resulting from Supplier's performance of Services) is purchased by Cree for incorporation into a Cree product or for resale as a Cree product, Supplier will provide Cree all data and information necessary to meet Cree's reporting obligations to the Securities and Exchange Commission pursuant to Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of July 21, 2010, including any subsequent amendments or implementing regulations (the "Act"). Further, with respect to such Merchandise or other deliverables, Supplier will exercise due diligence to comply with Cree's Conflict Minerals Policy located at <http://www.cree.com/Support/Conflict-Minerals>, which includes a requirement that Supplier ultimately will be able to certify that any Merchandise or deliverables supplied to Cree by Supplier are not known to fund armed conflict in the Democratic Republic of the Congo or adjoining country (the "DRC Region"). Supplier's due diligence must be exercised in accordance with the Organization for Economic Co-operation and Development Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (the "OECD Guidance"). Supplier shall not use in Merchandise or other deliverables supplied to Cree any "conflict minerals" (as such term is defined in the Act; currently, tin, tantalum, tungsten, or gold) unless Supplier can reasonably demonstrate that it has exercised due diligence in accordance with the OECD Guidance with respect to the source and chain of custody of that mineral. In particular, Supplier must perform a Reasonable Country of Origin Inquiry (RCOI) of its supply chain back to the point at which the mineral was refined by the refiner or smelter. Supplier agrees to provide to Cree, at least once annually, complete and accurate information as to Supplier's due diligence efforts for determining the origin country of any conflict minerals used in the manufacture of the Merchandise or deliverables supplied to Cree (whether or not Supplier is a person subject to the Act) using the most-current version of the Electronic Industry Citizenship Coalition (EICC) Conflict Minerals Reporting Template (CMRT). In the event that Supplier is unable to certify that the Merchandise or deliverables supplied to Cree hereunder are "DRC conflict free" (as that term is defined in the Act) within a reasonable, mutually agreed upon time period, Cree and the Supplier will discuss appropriate next steps, which may include discontinuation of the supplier relationship with Cree. Supplier must immediately notify Cree if it becomes aware that it has sourced a conflict mineral used in the manufacture of the Merchandise or deliverables supplied to Cree from the DRC Region that directly or indirectly financed or benefited armed groups supporting human rights abuses.

Further, Supplier hereby certifies that all materials incorporated into Merchandise (including Merchandise sold to Cree but manufactured by others) and other deliverables will comply with the slavery, human trafficking and child labor laws in the country or countries in which Supplier does business. Immediate remediation of any violation of slavery, human trafficking and child labor laws is required, and, notwithstanding any other language in this Contract, Cree may terminate this Contract without further liability if Supplier fails to take any required correction actions. Any Merchandise or Service provided by Supplier that is not in accordance with the foregoing representations and warranties shall be deemed to be defective and may be rejected by Cree. Cree's approval of Supplier's specifications and/or Cree's inspection, test, acceptance, payment for, or use of Services, Merchandise or other deliverables furnished hereunder shall not shall not relieve Supplier of any of its warranty obligations.

6. Defective or Non-Conforming Merchandise or Services. If any Merchandise or other deliverable is defective, unsuitable or

does not conform to all specifications, the terms and conditions of the Contract, and/or all warranties implied by law, Cree may at its option return any or all such Merchandise or other deliverables to Supplier for replacement with conforming Merchandise or other deliverables, as applicable, or for a full credit or refund of the purchase price paid by Cree for the returned items, or repair the defective or non-conforming returned items itself at Supplier's expense. In addition, Cree may charge Supplier for the cost of any incurred inbound and outbound freight and a handling, storage and inspection charge of ten percent (10%) of the invoice price for any defective or nonconforming Merchandise or other deliverable returned by Cree. If modifications are required by Cree to meet specifications, Supplier shall pay all costs of such modifications. In addition to the foregoing, it is understood and agreed by the parties that, if there is a failure rate greater than one percent (1%) in any one lot or shipment of Merchandise furnished by Supplier, Cree in its sole discretion may require Supplier to accept the return of all Merchandise in such lot or shipment and, at Cree's option, to either replace such Merchandise with conforming Merchandise or issue a full credit or refund of the purchase price paid by Cree for the returned Merchandise. In addition to charging Supplier for freight and handling charges as described above, if the failure rate exceeds one percent (1%) in any one lot or shipment, Cree may charge Supplier for all costs and expenses incurred by Cree to remove and replace Merchandise from such lot or shipment that has been put into productive use.

7. Quality Assurance; Counterfeit Components and Supplier Corrective Action Request. Supplier shall maintain a quality assurance system which is adequate to detect and prevent shipment of nonconforming Merchandise or other deliverables, including verification of the effectiveness of the quality assurance system of any subcontractor or vendor used by Supplier in connection with the manufacture or production of the Merchandise or other deliverables. If the Merchandise (or deliverables resulting from Supplier's performance of Services) is purchased by Cree for incorporation into a Cree product or for resale as a Cree product, Supplier's quality assurance system must meet the requirements for certification under ISO 9001 or higher standards. Supplier shall only purchase electronic components to be provided as or incorporated into Merchandise sold to Cree directly from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM) or through an OCM/OEM authorized distributor chain. Electronic components shall not be acquired from independent distributors or brokers unless approved in advance in writing by Cree. Supplier shall immediately notify Cree and provide all relevant details if Supplier becomes aware or suspects that it has delivered Merchandise or other deliverables that include counterfeit electronic components. When requested by Cree, Supplier shall provide documentation that traces the authenticity of the electronic components to the applicable OCM/OEM.

Cree shall have the right to review Supplier's quality assurance system and, with prior notice and at reasonable times, to conduct an on-site inspection of the factory(ies) where the Merchandise or other deliverables are manufactured or produced. Merchandise and Services purchased under the Contract shall meet the product quality, reliability and safety criteria as specified by Cree in the Purchase Order. Supplier shall provide to Cree Material Safety Data Sheets upon delivery of the Merchandise for any Merchandise or other deliverables designated by industry, state, national or federal agencies or applicable laws as hazardous material or as otherwise reasonably requested by Cree. Supplier shall provide any technical and/or testing reports as may be requested by Cree regarding product quality, authenticity, safety and reliability. If Cree

issues a Supplier Corrective Action Request ("SCAR") to Supplier due to the receipt of defective or non-conforming Merchandise or Services, Supplier will promptly respond as follows: (a) each response shall be in the format specified in Cree's SCAR (or an equivalent format); (b) Supplier's initial response, including containment actions, shall be received by Cree within forty-eight (48) hours of receipt of the SCAR; and (c) Supplier's final report shall be received by Cree within seven (7) calendar days (or such longer period as may be approved by Cree in writing) of receipt of the SCAR. In the event of any recall affecting the Merchandise, Supplier shall indemnify Cree, Cree's affiliates, Cree's customer and the ultimate end user of the Merchandise in accordance with section 22 below. Cree shall have the right to control the recall process, and Supplier shall fully cooperate with Cree in connection with the recall.

8. Prices and Price Warranty. Supplier agrees that the prices stated in the Purchase Order are complete, and no additional charges of any type shall be due and payable by Cree unless and except to the extent Cree expressly assumes responsibility for such additional charges in the Purchase Order. Such additional charges include, but are not limited to, shipping, packaging, labeling, custom duties, taxes, storage, insurance, boxing and crating. Supplier warrants that the prices for Merchandise or Services sold to Cree hereunder are no less favorable than those currently extended by Supplier to any other customer for the same or similar Merchandise or Services in similar quantities or under similar terms and conditions. If Supplier reduces its price for such items before Supplier completes performance of the Contract, Supplier agrees to reduce the prices under the Contract correspondingly.

9. Payment Terms; Invoices; Deduction and Set Off. Payment terms will be as set forth in the Purchase Order. If not indicated in the Purchase Order, the payment terms are net forty-five (45) days after the date of receipt of any Merchandise or after the date of acceptance of any Services. Invoices are paid less any cash discount indicated in the Purchase Order. Taxes, if any, must be separately itemized. Any sums payable to Supplier shall be subject to all claims and defenses of Cree, whether arising from this or any other transaction, and Cree may set off and deduct against such sums all present and future indebtedness of Supplier to Cree. Cree shall provide a copy of the deduction voucher(s) for debits taken by Cree against Supplier's account as a result of any returns or adjustments. Supplier shall be deemed to have accepted each such deduction unless Supplier, within sixty (60) days following receipt of the deduction voucher, notifies Cree in writing as to why a deduction should not be made and provides documentation of the reason(s) given.

10. Changes By Cree. Cree shall have the right at any time to make changes in drawings, designs, specifications, materials, packaging, time and place of delivery, and/or method of transportation to the extent not yet performed. If any such changes cause an increase or decrease in the cost or the time required for the performance, the parties shall make an equitable adjustment and modify the Contract in writing accordingly. Supplier shall be required to accept any commercially reasonable change provided for in this paragraph.

11. Changes By Supplier. Supplier shall not make any distinguishable change to the design, specifications, materials, manufacturing process, and/or manufacturing location of the Merchandise or other deliverables delivered to Cree or the location for the performance of Services without Cree's prior written approval. Changes requiring Cree's prior approval in accordance

with this paragraph shall include, but not be limited to: (a) a change in safety standards; (b) a change in design, specifications or materials that affects the form, fit, function, safety and/or reliability of the Merchandise or other deliverables; (c) a material change in inspection methods; (d) a change in the manufacturing or performance location; (e) a change in the source of a raw material; and (f) any change that may affect the quality of the Services, Merchandise or other deliverables.

12. Cree's Right to Cancel. Unless expressly agreed otherwise in writing by Cree, Cree may terminate all or part of the Contract at any time for its convenience, without cause and without further liability with respect to Merchandise not yet shipped or Services not yet rendered, by providing written notice to Supplier. Notwithstanding any agreed upon non-cancellation provision, in the event of any default by Supplier or if Supplier fails to comply with any terms or conditions set forth in the Contract, Cree may terminate all or part of the Contract for cause, without further liability with respect to Merchandise not yet shipped or Services not yet rendered, and without regard to such non-cancellation provision, by providing written notice to Supplier. In the event of cancellation, Supplier shall promptly refund to Cree any amounts previously paid with respect to such cancelled Merchandise or Services less the amount of any applicable cancellation charge agreed to by Cree.

13. Confidentiality. Supplier shall consider all specifications, plans, instructions, samples or other information furnished by Cree or prepared by Supplier specifically for Cree in connection with the Contract to be confidential and shall not: (a) disclose any such information to any other persons, (b) use such information itself for any purpose other than performing the Contract; or (c) export or permit the export or re-export of any technical data received under the Contract except in compliance with the Export Administration Act (22 USC § 2778) and the International Traffic in Arms Regulations, if applicable. Without Cree's prior written permission, which may be withheld in its sole discretion, Supplier shall not advertise or publish the fact that Cree has contracted to purchase Merchandise or Services from Supplier, disclose information relating to the Contract, or use the name of Cree, or any of its affiliates or customers, in advertising or other publication. Unless otherwise expressly agreed in writing by Cree, no information, including, without limitation, commercial, financial or technical information, disclosed in any manner or at any time by Supplier to Cree or its agents or representatives shall be deemed secret or confidential, and Supplier shall have no rights against Cree with respect to such information except such rights as may exist under patent or copyright laws. This paragraph is in addition to, and not in lieu of, any other confidentiality or similar agreements between the parties relating to the subject matter of this Contract, which agreements are incorporated by reference as if fully set forth herein.

14. Cree Material and Special Tooling. Any tooling, materials, supplies or replacements thereof furnished to Supplier by Cree or paid for by Cree (including where the cost of which, or any charge or allowance to cover any depreciation and/or amortization thereof, is included in the price specified in the Purchase Order), or which is based upon a design or process confidential or proprietary to Cree (collectively "Material and Special Tooling"), shall be and remain the sole property of Cree. Each item of Material and Special Tooling shall be plainly marked or adequately identified by Supplier as "Property of Cree, Inc." and shall be safely stored apart from Supplier's property. Material and Special Tooling, while in Supplier's care, custody, possession or control shall be kept in good condition, and Supplier shall bear all risk of loss thereof and damage thereto, normal wear and tear excepted. Any damages to the

Material and Special Tooling, while in the care of Supplier shall be reported promptly to Cree in writing, and Supplier will not use damaged Material and Special Tooling for further processing. The damaged Material and Special Tooling will be repaired or disposed of in accordance with Cree's instructions. Supplier may not substitute, alter or replace any Material and Special Tooling provided by Cree without the prior express written consent of Cree. Where Cree has supplied excess Material and Special Tooling, such as for a scrap allowance, Supplier must account for and promptly return to Cree any such excess. Supplier shall receive Cree's prior written consent before reworking or modifying the Material and Special Tooling in any manner other than in accordance with Cree's instructions and/or specifications. Material and Special Tooling shall be insured by and at the expense of Supplier, with Cree being named as loss payee, against all risk of loss or damage in an amount equal to the full replacement value, and Supplier will forward proper evidence of such insurance to Cree upon request. Cree shall be entitled to sole and exclusive possession of any and all Material and Special Tooling upon demand, if and when Cree requests possession. At Cree's request, Supplier shall prepare such Material and Special Tooling for shipment and shall deliver same to Cree pursuant to Cree's shipping instructions, at Cree's expense. Supplier shall not directly or indirectly use any Material and Special Tooling for the benefit of a third party, nor will Supplier ever permit the use of any Material and Special Tooling so that it accrues to the benefit of any competitor of Cree or to the detriment of Cree in any way. Supplier agrees not to mortgage, pledge, sell, lease, or otherwise encumber, dispose of or subject to a lien or security interest any Material and Special Tooling that is the subject of or covered by the Contract.

15. Intellectual Property. Supplier warrants that the Services, Merchandise, and any other deliverables, including any use thereof, are free of any allegations, claims, demands, suits, actions, or other proceedings (collectively, "Claims") of patent, trademark or other intellectual property right infringement, and agrees to indemnify and hold harmless Cree and each of its affiliates, and their respective shareholders, members, managers, officers, directors, employees, agents, customers, affiliates, successors and assigns, and any other third party to whom Cree may owe a similar obligation by contract or by operation of law (each an "Indemnified Person"), from any judgments, debts, fines, penalties, damages, expenses, costs, losses or liabilities (including, without limitation, consequential and incidental damages, reasonable attorneys' fees and other legal expenses) (collectively, "Damages") resulting from or arising out of any Claim of such infringement. Upon request by Cree, Supplier shall, at Supplier's sole expense, take over the defense of any such Claim or related litigation against an Indemnified Person; provided, however, that Cree and any other Indemnified Person may retain its own counsel and participate in any such litigation for further protection of Cree's or such other Indemnified Person's interests.

16. Inventions and Works of Authorship. Cree will be the owner of, and Supplier agrees to assign and does hereby assign to Cree all rights Supplier may have in, any inventions conceived, reduced to practice or otherwise made by Supplier and any works of authorship created by Supplier, whether alone or jointly with others, and whether considered to be "works made for hire" or not, in the course of performing Services for Cree under the Contract. Supplier agrees upon request to execute such documents as may be reasonably requested by Cree to confirm such ownership.

17. Record Retention. Supplier agrees to retain and make available to Cree promptly upon request copies of certifications, test data, chemical and/or physical test reports, lot control data, inspection records and other pertinent data requirements for a

minimum period of ten (10) years after shipment of the Merchandise or other deliverable to Cree, or as otherwise specified on the Purchase Order when unique record retention requirements are imposed.

18. Software License Grant. Unless otherwise agreed in writing by the parties, Cree shall have a non-exclusive, irrevocable license to reproduce, create derivative works of, and use for internal purposes only in connection with Cree's and its' affiliates business and operations, any software furnished to Cree by Supplier under the Contract in connection with the purchase of Merchandise, and Cree shall be permitted to assign or transfer any such software and license rights in connection with the assignment or transfer of the Merchandise for which it was supplied.

19. Extension of Terms and Conditions to Cree's Affiliates, Suppliers and Subcontractors. By accepting the Purchase Order, Supplier agrees upon request to offer to sell and to sell the Merchandise or Services that are the subject of this Contract to any Cree affiliates, suppliers or subcontractors identified by Cree on the same terms and conditions set forth in the Contract, with such changes as may be agreed by the Cree affiliate, supplier or subcontractor in writing; provided that, unless otherwise agreed in writing by the contracting parties, any Contract between Supplier and a supplier or subcontractor of Cree shall be governed by the laws of the jurisdiction where such entity was organized as if it were an agreement solely between residents of such jurisdiction to be performed entirely within the jurisdiction.

20. Equal Employment Opportunity Compliance. During the performance of the Contract, the Supplier agrees to comply with all applicable foreign, U.S., state and local laws respecting discrimination in employment, affirmative action and non-segregation of facilities, including but not limited to, the requirements set forth under 41 CFR §§ 60-1.4, 60-1.8, 60-250.5 and 60-741.5 of the U.S. Code of Federal Regulations, which equal opportunity clauses are incorporated herein by this reference. The Supplier agrees to include this provision in any subcontract relating to performance of the Contract.

21. U.S. Federal Government Contract Purchases. If the Purchase Order indicates that the purchase of Merchandise or Services are being made by Cree under a United States government contract, then additional terms and conditions as set forth in the Purchase Order will apply.

22. Indemnification. Supplier will indemnify, defend, pay and hold harmless all Indemnified Persons, from and against any and all Claims, Damages, and illnesses or injuries to persons (including death) or damage to or loss of property, allegedly arising out of or in any manner resulting from or connected with the following: (a) the Services, Merchandise, other deliverables, or the design, manufacture, sale, purchase, consumption or use thereof (except to the extent directly resulting from Cree's specifications, materials, negligence or willful misconduct); (b) the acts or omissions of Supplier's officers, employees, agents or subcontractors; or (c) defaults, breaches or misrepresentations by or on behalf of Supplier. This paragraph is in addition to, and not in lieu of, any other indemnification agreements between the parties relating to the subject matter of this Contract, which agreements are incorporated by reference as if fully set forth herein.

23. Independent Contractor. Supplier agrees that all Services performed under the Contract shall be performed by Supplier as an

independent contractor, that the persons performing such Services shall not be considered employees of Cree, and that Supplier shall be solely responsible for payment of any wages, benefits, taxes and other employer obligations related to such personnel. Supplier shall maintain the types and amounts of insurance and satisfy any special insurance requirements established by Cree in its supplier qualification process, and if not so specified by Cree, the Supplier shall maintain all necessary insurance coverages, including commercial general liability, workers' compensation and employer's liability insurance, with coverage limits that are appropriate for the nature of its business. On behalf of itself and its insurers, Supplier waives any right of subrogation it has or may have against Cree or the owner, lender, or property manager of any property where Services are performed by Supplier for the benefit of Cree.

24. Insolvency. If Supplier ceases to conduct its operations in the normal course of business, including being subject to an inability to meet its obligations as they mature, or if any proceeding under federal or national bankruptcy or any state insolvency laws is brought by or against Supplier, or a receiver for Supplier is appointed or applied for, or an assignment for the benefit of creditors is made by Supplier, Cree may terminate the Contract without further liability.

25. Attorney Fees: Costs and Expenses of Litigation. If either party institutes legal proceedings against the other based upon a cause of action arising out of the Contract, the prevailing party shall be entitled to recover its costs and expenses, including reasonable attorneys' fees, incurred in filing and prosecuting or defending such action.

26. No Waiver. Failure by Cree to enforce any terms and conditions set forth in the Contract or to exercise any right accruing through the default of Supplier shall not affect or impact Cree's rights in case such default continues or in case of any subsequent default of Supplier and such failure shall not constitute a waiver of other or future defaults to Supplier.

27. Non-Assignment. Assignment by Supplier of the Contract (by any means, including by operation of law) or any interest therein, or any payment due or to become due hereunder, without the prior written consent of Cree, shall be void. This paragraph is not intended to require Cree's consent for Supplier to use independent contractors in activities related to the development, manufacture or shipment of Merchandise or Services ordered hereunder; however, Supplier shall remain solely responsible to Cree for compliance with the terms and conditions of the Contract.

28. Force Majeure. Upon notice to Supplier, Cree may delay delivery or acceptance of Merchandise or Services ordered hereunder due to causes beyond its reasonable control. Supplier shall hold such Merchandise or other deliverables at the direction of the Cree and shall deliver the same when the cause affecting the delay has been removed. Cree shall be responsible only for Supplier's direct additional costs in holding the Merchandise or delaying performance of the Contract at Cree's request. Causes beyond Cree's reasonable control shall include government action or failure of the government to act where such action is required, strike or other labor trouble, war, acts of terrorism, fire or unusually severe weather.

29. Limitation on Cree's Liability. **IN NO EVENT SHALL CREE BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, SPECIAL OR INDIRECT DAMAGES, PENALTIES, ANTICIPATED PROFITS OR LIQUIDATED DAMAGES OF**

ANY DESCRIPTION ARISING OUT OF OR RELATING TO THE MERCHANDISE OR SERVICES, THE CONTRACT OR THE PARTIES' RELATIONSHIP. CREE'S LIABILITY ON ANY CLAIM OF ANY KIND FOR ANY LOSS OR DAMAGE ARISING OUT OF OR IN CONNECTION WITH OR RESULTING FROM THE CONTRACT OR FROM ITS PERFORMANCE OR BREACH THEREOF SHALL IN NO CASE EXCEED THE PRICE ALLOCABLE TO THE MERCHANDISE OR SERVICE WHICH GIVES RISE TO THE CLAIM. ANY ACTION RESULTING FROM ANY BREACH OR ALLEGED BREACH ON THE PART OF CREE UNDER THE CONTRACT MUST BE COMMENCED WITHIN ONE YEAR AFTER THE CAUSE OF ACTION HAS ACCRUED.

Supplier and the purchase by Cree of Services or Merchandise, the terms of such trading partner agreement are incorporated herein and made a part hereof by this reference.

30. Governing Law. If Cree is an entity formed under the laws of a state in the United States of America, the laws of the state set forth in the Cree billing address on the face of the Purchase Order shall govern the Contract, including (except as modified herein) the Uniform Commercial Code as adopted in such state, as if it were an agreement solely between residents of such state to be performed entirely within such state. If Cree is an entity organized under the laws of any other jurisdiction, the laws of the jurisdiction where such Cree entity was organized shall govern the Contract as if it were an agreement solely between residents of such jurisdiction to be performed entirely within the jurisdiction. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Contract.

31. Work on Cree's Premises. If the Contract involves the performance of Services by Supplier on Cree's premises, Supplier shall comply with and take all precautions required by any safety and security regulations and internal policies or procedures of Cree to prevent the occurrence of any injury to person or property during the performance of such Services. Supplier also agrees that any employee, subcontractor or agent provided under this Contract to perform Services on Cree's premises will abide by the employment policies of Cree that address sexual and other unlawful harassment, drug and alcohol abuse, and equal employment opportunity. In addition to any other remedies available to Cree, Cree may, without notice or an opportunity to cure, expel from its property/worksites, any employee, subcontractor or agent of Supplier who violates any Cree policy. Prior to Cree issuing any "No-Escort" badges to Supplier's employees, subcontractors, or agents performing Services on Cree's premises or having any access to Cree computer information systems for any period of time, Supplier, shall, at its own expense, obtain a drug screen and background investigation on the individual in accordance with standards established by Cree's security organization. For purposes of these Terms and Conditions, "Cree's premises" refers to property owned or leased by Cree or third party property on which the Services are performed for Cree's benefit.

32. Miscellaneous. All rights granted to Cree hereunder shall be in addition to and not in lieu of Cree's rights arising by operation of law. Any provision of a hard copy Purchase Order that is manually entered (that is, not preprinted) or handwritten by Cree shall supersede any contrary or inconsistent printed provision herein or therein. No modification of the terms of the Contract shall be valid without the prior written authorization of Cree. Should any of the provisions of the Contract be declared by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of any remaining provisions. If the parties have a trading partner agreement concerning electronic data interchange (EDI) in the creation and management of transactions relating to the sale by