



June 2013

Subject: PURCHASING POLICY NOTIFICATION

Product quality remains a top priority for JTEKT and all of our suppliers. Poor quality causes inefficiencies and disruptions not only for JTEKT manufacturing lines but those of our customers. This is a costly expense for everyone.

In order to put more emphasis on prevention and importance of dealing with discrepant material, effective immediately, we will apply a \$250 or €200 charge for all justified complaint-type DMR's (Discrepant Material Reports) that result in chargebacks to the supplier. This is to cover the administrative tasks for the handling and follow up of these complaints. There is a delay of 60 days before this charge will be applied to the supplier's account. This will allow for any detailed discussions between the supplier and JTEKT. This policy will be consistent for all divisions of JTEKT North American manufacturing plants as well as Koyo Europe and Koyo Asia.