



1. ACCEPTANCE:

THE TERMS OF SALE CONTAINED HEREIN APPLY TO ALL QUOTATIONS MADE AND PURCHASE ORDERS ENTERED INTO BY THE SELLER. SOME OF THE TERMS SET OUT HERE MAY DIFFER FROM THOSE IN BUYER'S PURCHASE ORDER AND SOME MAY BE NEW. THIS ACCEPTANCE IS CONDITIONAL ON BUYER'S ASSENT TO THE TERMS SET OUT HERE IN LIEU OF THOSE IN BUYER'S PURCHASE ORDER. SELLER'S FAILURE TO OBJECT TO PROVISIONS CONTAINED IN ANY COMMUNICATION FROM BUYER SHALL NOT BE DEEMED A WAIVER OF THE PROVISIONS OF THIS ACCEPTANCE. ANY CHANGES IN THE TERMS CONTAINED HEREIN MUST SPECIFICALLY BE AGREED TO IN WRITING BY AN OFFICER OF THE SELLER BEFORE BECOMING BINDING ON EITHER THE SELLER OR THE BUYER. All orders or contracts must be approved and accepted by the Seller at its home office. These terms shall be applicable whether or not they are attached to or enclosed with the products to be sold or sold hereunder. Prices for the items called for hereby are not subject to audit.

2. PAYMENT:

(a) Unless otherwise agreed, all invoices are due and payable thirty (30) days from date of invoice. No discounts are authorized. Shipments, deliveries, and performance of work shall at all times be subject to the approval of the Seller's credit department and the Seller may at any time decline to make any shipments or deliveries or perform any work except upon receipt of payment or upon terms and conditions or security satisfactory to such department.

(b) If, in the judgment of the Seller, the financial condition of the Buyer at any time does not justify continuation of production or shipment on the terms of payment originally specified, the Seller may require full or partial payment in advance and, in the event of the bankruptcy or insolvency of the Buyer or in the event any proceeding is brought by or against the Buyer under the bankruptcy or insolvency laws, the Seller shall be entitled to cancel any order then outstanding and shall receive reimbursement for its cancellation charges

(c) Each shipment shall be considered a separate and independent transaction, and payment shall be made accordingly. If shipments are delayed by the Buyer, payments shall become due on the date when the Seller is prepared to make shipment. If the work covered by the purchase order is delayed by the Buyer, payments shall be made based on the purchase price and the percentage of completion. Products held for the Buyer shall be at the risk and expense of the Buyer.

(d) Late payments shall be added an interest rate of 1% per month to any total amount unpaid.

3. TAXES:

Unless otherwise provided herein, the amount of any present or future sales, revenue, excise or other taxes, fees, or charges of any nature, imposed by any public authority (national, state, local or other) applicable to the products covered by this order, or the manufacture or sale thereof, shall be added to the purchase price and shall be paid by the Buyer, or in lieu thereof, the Buyer shall provide the Seller with a tax exemption certificate acceptable to the taxing authority.

4. F.O.B. POINT:

All sales are made F.O.B. point of shipment. Seller's title passes to Buyer and Seller's liability as to delivery ceases upon making delivery of material purchased hereunder to carrier at shipping point, the carrier acting as Buyer's agent. All claims for damages must be filed with the carrier. Shipments will normally be made by Parcel Post, United Parcel Service (UPS), Air Express, or Air Freight. Unless specific instructions from Buyer specify which of the foregoing methods of shipment is to be used, the Seller will exercise his own discretion.

5. DELIVERY:

Shipping dates are approximate and are based upon prompt receipt from Buyer of all necessary information. In no event will Seller be liable for any re-procurement costs, nor for delay or non-delivery, due to causes beyond its reasonable control including, but not limited to, acts of God, acts of civil or military authority, priorities, fires, strikes, lockouts, slow-downs, shortages, factory or labour conditions, yield problems, and inability due to causes beyond the Seller's reasonable control to obtain necessary labour, materials, or manufacturing facilities. In the event of any such delay, the date of delivery shall, at the request of the Seller, be deferred for a period equal to the time lost by reason of the delay. In the event Seller's production is curtailed for any of the above reasons so that Seller cannot deliver the full amount released hereunder, Seller may allocate production deliveries among its various customers then under contract for similar goods. The allocation will be made in a commercially fair and reasonable manner. When allocation has been made, Buyer will be notified of the estimated quota made available.

6. PATENTS:

The Buyer shall hold the Seller harmless against any expense or loss resulting from infringement of patents, trademarks, or unfair competition arising from compliance with Buyer's designs, specifications, or instructions. The sale of products by the Seller does not convey any license,

by implication, estoppels, or otherwise, under patent claims covering combinations of said products with other devices

or elements. Except as otherwise provided in the preceding paragraph, the Seller shall defend any suit or proceeding brought against the Buyer, so far as based on a claim that any product, or any part thereof, furnished under this contract constitutes an infringement of any patent of the United States, if notified promptly in writing and given authority, information, and assistance (at the Sellers expense) for defence of same, and the Seller shall pay all damages and costs awarded therein against the Buyer.

In case said product, or any part thereof, is, in such suit, held to constitute infringement of patent, and the use of said product is enjoined, the Seller shall, at its own expense, either procure for the Buyer the right to continue using said product or part, replace same with non-infringing product, modify it so it becomes non-infringing, or remove said product and refund the purchase price and the transportation and installation costs thereof.

In no event shall Seller's total liability to the Buyer under or as a result of compliance with the provisions of this paragraph exceed the aggregate sum paid by the Buyer for the allegedly infringing product. The foregoing states the entire liability of the Seller for patent infringement by the said products or any part thereof. THIS PROVISION IS STATED IN LIEU OF ANY OTHER EXPRESSED, IMPLIED, OR STATUTORY WARRANTY AGAINST INFRINGEMENT AND SHALL BE THE SOLE AND EXCLUSIVE REMEDY FOR PATENT INFRINGEMENT OF ANY KIND.

7. INSPECTION:

Unless otherwise specified and agreed upon, the material to be furnished under this order shall be subject to the Sellers standard inspection at the place of manufacture. If it has been agreed upon and specified in this order that Buyer is to inspect or provide for inspection at the place of manufacture, such inspection shall be so conducted as to not interfere unreasonably with Seller's operations, and consequent approval or rejection shall be made before shipment of the material. Notwithstanding the foregoing, if, upon receipt of such material by Buyer, the same shall appear not to conform to the contract, the Buyer shall immediately notify the Seller of such conditions and afford the Seller a reasonable opportunity to inspect the material. No material shall be returned without Sellers consent. Sellers Return Material Authorization form must accompany such returned material.

8. LIMITED WARRANTY:

The Seller warrants that the products to be delivered under this purchase order will be free from defects in

material and workmanship under normal use and service. Sellers obligations under this Warranty are limited to replacing or repairing or giving credit for, at its option, at its factory, any of said products which shall, within one (1) year after shipment, be returned to the Sellers factory of origin, transportation charges prepaid, and which are, after examination, disclosed to the Sellers satisfaction to be thus defective. THIS WARRANTY IS EXPRESSED IN LIEU OF ALL OTHER WARRANTIES EXPRESSED, STATUTORY, OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND OF ALL OTHER OBLIGATIONS OR LIABILITIES ON THE SELLER'S PART, AND IT NEITHER ASSUMES NOR AUTHORIZES ANY OTHER PERSON TO ASSUME FOR THE SELLER ANY OTHER LIABILITIES IN CONNECTION WITH THE SALE OF THE SAID ARTICLES. This Warranty shall not apply to any of such products which shall have been repaired or altered, except by the Seller, or which shall have been subjected to misuse, negligence, or accident. The aforementioned provisions do not extend the original warranty period of any product which has either been repaired or replaced by Seller. It is understood that if this order calls for the delivery of semiconductor devices which are not finished and fully encapsulated, then no warranty, statutory, expressed or implied, including the implied warranty of merchantability and fitness for a particular purpose, shall apply. All such devices are sold as is where is.

9. PRODUCTS NOT WARRANTED BY SELLER:

The second paragraph of Paragraph 6, Patents, and Paragraph 8, Limited Warranty, above apply only to integrated circuits of Sellers own manufacture. IN THE CASE OF PRODUCTS OTHER THAN INTEGRATED CIRCUITS OF SELLER'S OWN MANUFACTURE, SELLER MAKES NO WARRANTIES EXPRESSED, STATUTORY OR IMPLIED INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY, FREEDOM FROM PATENT INFRINGEMENT AND FITNESS FOR A PARTICULAR PURPOSE. Such products may be warranted by the original manufacturer of such products. For further information regarding the possible warranty of such products contact Seller.

10. PRICE ADJUSTMENTS:

Seller's unit prices are based on certain material costs. These materials include, among other things, gold packages and silicon. Adjustments shall be as follows:

(a) Gold. The price at the time of shipment shall be adjusted for increases in the cost of gold in accordance with Sellers current Gold Price Adjustment List. This adjustment will be shown as a separate line item on each invoice.

(b) Other Materials. In the event of significant increases in the cost of other materials, Seller reserves the right to renegotiate the unit prices. If the parties cannot

agree on such increase, then neither party shall have any further obligations with regard to the delivery or purchase of any units not then scheduled for production.

11. VARIATION IN QUANTITY:

If this order calls for a product not listed in Sellers current catalogue, or for a product which is specially programmed for Buyer, it is agreed that Seller may ship a quantity which is five percent (5%) more or less than the ordered quantity and that such quantity shipped will be accepted and paid for in full satisfaction of each party's obligation hereunder for the quantity order.

12. CONSEQUENTIAL DAMAGES:

In no event shall Seller be liable for special, incidental or consequential damages.

13. GENERAL:

(a) The validity, performance and construction of these terms and all sales hereunder shall be governed by the laws of Switzerland. All disputes arising out of or in connection with these terms and all sales hereunder, including disputes on its conclusion, binding effect, amendment, termination and cancellation shall be resolved in front of the Courts of CH-8832 Wollerau, Switzerland.

(b) The Seller represents that with respect to the production of articles and/or performance of the services covered by this order it will fully comply with all requirements of the Fair Labour Standards Act of 1938, as amended, Williams-Steiger Occupational Safety and Health Act of 1970, Section 202 of Executive Order 11246, as amended and where applicable, and other affirmative action requirements made applicable to this order by federal statute, rule or regulation.

(c) The Buyer may not unilaterally make changes in the drawings, designs or specifications for the items to be furnished hereunder without Sellers prior consent.

(d) Except to the extent provided in Paragraph 14, below, this order is not subject to cancellation or termination for convenience.

(e) If Buyer is in breach of its obligations under this order, Buyer shall remain liable for all unpaid charges and sums due to Seller and will reimburse Seller for all damages suffered or incurred by Seller as a result of Buyer's breach. The remedies provided herein shall be in addition to all other legal means and remedies available to Seller.

(f) Buyer acknowledges that all or part of the products purchased hereunder may be manufactured and/or assembled at any of Seller's facilities domestic or foreign.

(g) Unless otherwise agreed in a writing signed by both Buyer and Seller, Seller shall retain title to and possession of all tooling of any kind (including but not limited to masks and pattern generator tapes) used in the production of products furnished hereunder.

(h) Buyer, by accepting these products, certifies that he will not export or re-export the products furnished hereunder unless he complies fully with all laws and regulations of the United States relating to such export or re-export, including but not limited to the Export Administration Act of 1979 and the Export Administration Regulations of the U.S. Department of Commerce.

(i) Seller shall own all copyrights in or relating to each product developed by Seller whether or not such product is developed under contract with a third party.

(j) The design, development or manufacture by Seller of product for a specific customer shall not be deemed to produce a work made for hire and shall not give to the customer any copyright interest in the product or any interest in all or any portion of the mask works relating to the product. In addition, all such rights shall remain the property of the Seller. Seller shall retain all rights in mask work on any circuit designed using Seller's standard cell library and Seller shall retain all rights in mask work to the non-personalized portion of any gate array developed for Buyer.

(k) Engineering work performed by the Seller of any kind, including but not limited to, development of test programs, shall only be on a best efforts basis.