
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): February 18, 2005

Cohu, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware

(State or Other
Jurisdiction of
Incorporation)

1-4298

(Commission
File Number)

95-1934119

(IRS Employer
Identification No.)

12367 Crosthwaite Circle, Poway, California

(Address of Principal Executive Offices)

92064

(Zip Code)

Registrant's telephone number, including area code **(858) 848-8100**

Not applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

- (a) United Arab Emirates — On February 22, 2003, Broadcast Microwave Services, Inc. (“BMS”), a wholly-owned subsidiary of Cohu, entered into an agreement to sell microwave communications equipment to the United Arab Emirates Armed Services (“UAE”). The contract was officially awarded in April 2003 and totals approximately \$8.5 million. The agreement, which includes BMS’ most advanced microwave communications technology that has not been previously installed in an application of this size and complexity, requires that 40% of the total contract price be paid after the system has been fully accepted by the UAE. Included as Exhibit 99.1* to this Form 8-K is the Purchase and Sale Agreement between the General Headquarters of the United Arab Emirates Abu Dhabi and Broadcast Microwave Services.
- (b) Intel Corporation – On September 29, 2004, Delta Design, Inc. (“Delta”), a wholly-owned subsidiary of Cohu, entered into an agreement to sell capital equipment and services to Intel Corporation. Delta designs, manufactures, sells and services semiconductor test handling equipment used in the production of semiconductors. Included as Exhibit 99.2* to this Form 8-K is the Capital Equipment and Services Purchase Agreement between Delta Design, Inc. and Intel Corporation.
- (c) Texas Instruments Incorporated – On April 25, 2002, Delta entered into an agreement to sell capital equipment and services to Texas Instruments Incorporated. The agreement is effective for the period from April 25, 2002 to December 31, 2004. Included as Exhibit 99.3* to this Form 8-K is the Corporate Purchase Option Agreement between Delta Design, Inc. and Texas Instruments Incorporated.

* Confidential treatment requested

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COHU, INC.

Dated: February 18, 2005

By: /s/ John H. Allen
John H. Allen
Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Purchase and Sale Agreement between the General Headquarters of the United Arab Emirates Abu Dhabi and Broadcast Microwave Services
99.2	Capital Equipment and Services Purchase Agreement between Delta Design, Inc. and Intel Corporation
99.3	Corporate Purchase Option Agreement between Delta Design, Inc. and Texas Instruments Incorporated

CONFIDENTIAL TREATMENT REQUESTED--REDACTED COPY
CONFIDENTIAL TREATMENT REQUESTED: INFORMATION FOR WHICH CONFIDENTIAL TREATMENT
HAS BEEN REQUESTED IS OMITTED AND NOTED WITH "****." AN UNREDACTED VERSION OF
THIS DOCUMENT HAS BEEN SUBMITTED SEPARATELY TO THE SECURITIES AND EXCHANGE
COMMISSION.

CONTRACT DP3/3/27/20/10/2/3/2003/4

DATE:

BETWEEN

THE GENERAL HEADQUARTERS OF THE UNITED ARAB EMIRATES ABU DHABI UAE

AND

BROADCAST MICROWAVE SERVICES (BMS)

*** Confidential material redacted and submitted separately to the Commission

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*** Confidential material redacted and submitted separately to the Commission

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CONTRACT DP3/27/20/10/2/3/2003/4

This contract is concluded on 22.2.2003 by and between GHQ - UAE ARMED FORCES, ABU DHABI - UNITED ARAB EMIRATES, represented by STAFF LT. GENERAL CHIEF OF STAFF UAE ARMED FORCES

MOHAMMAD BIN ZAYED AL NAHYAN

hereinafter called the BUYER (The First Party).

A n d

Messrs. BMS, Inc. represented by GRAHAM BUNNEY, hereinafter called the SELLER (The Second Party)

PREAMBLE

WHEREAS, the BUYER is desirous to purchase the Digital Video Downlink System, Hereinafter referred to as "Equipment" in accordance with the provisions of this Contract and

WHEREAS, the SELLER undertakes to supply the Equipment of this Contract according to the terms and conditions and specifications agreed upon.

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*** Confidential material redacted and submitted separately to the Commission
Contract: DP3/3/27/20/10/2/3/2003/4

ARTICLE 1 - GENERAL

The preamble aforementioned and all Volumes and Annexes attached shall form an integral part of this Contract. The contract consists of Two Volumes:

Volume 1 - Contract

Volume 2 - Technical Specifications

ARTICLE 2 - ORIGIN

2.1 The Equipment shall be of US, Japanese and European origin.

ARTICLE 3 - DEFINITIONS

Definitions and interpretation of the words used in this CONTRACT are as follows and part of this CONTRACT: -

- | | | |
|-----|------------------------|--|
| 1.1 | "Buyer" shall mean | The General Headquarters U.A.E.
Armed Forces, Abu Dhabi. |
| 1.2 | "Seller" shall mean | BMS |
| 1.3 | "Party" shall mean | either the Buyer or the Seller as
the context requires and "Parties"
means both of the above. |
| 1.4 | "CONTRACT" shall mean | The conditions of this contract and
its annexes incorporated hereto. |
| 1.5 | "Equipment" shall mean | The equipment, their spares parts,
test benches and manuals as
detailed within Annex A hereto to
be delivered and installed by the
Seller under this contract. |
| 1.6 | "Service" shall mean | Installation, Training and warranty
as detailed within the contract
hereto to be performed by the
Seller under this contract. |
| 1.7 | "Month" shall mean | Calendar month |

ARTICLE 4 - SCOPE

The Seller hereby agrees to sell and deliver and the Buyer hereby agrees to purchase and accept the equipments and their embedded software, their spare-parts, manuals and related services as set forth in this CONTRACT at the prices set forth herein and according to the other terms and conditions of this CONTRACT.

ARTICLE 5 - PRICES

The seller agrees to sell and deliver new and 2003 year manufactured equipment and install in accordance with specifications, designs, quality and material as stipulated in the contract.

The total CONTRACT value is \$8,450,279.00 USD (Eight Million, Four Hundred and Fifty Thousand, Two Hundred and Seventy Nine U.S. Dollars)

The currency of this CONTRACT is US Dollars.

The prices of the Equipment to be delivered to the Buyer DDU Abu Dhabi as applicable according to Incoterms of the INTERNATIONAL Chamber of COMMERCE ("ICC") dated 2000.

The prices quoted in this CONTRACT are final and not subject to escalation.

The above mentioned price includes the cost of:

1. Sea/Airworthy packing of goods
2. Factory Acceptance and Inspection
3. Export duties/license levied outside the Buyer's country
4. Any charges or other duties / fees to be levied outside the Buyer's country
5. Full Support in installing and commissioning the equipments as per BUYER requirements.
6. Transportation and Insurance

ARTICLE 6 - TERMS AND MEANS OF PAYMENT

6.1 PAYMENTS

The schedule of payments will be the following :

6.1.1 DOWN PAYMENT

A down-payment of \$1,690,055.80 USD (One Million, Six Hundred and Ninety Thousand, and Fifty Five and Eighty Cents, U.S. Dollars), representing twenty percent (20%) of the total value of this Contract, will be paid by the BUYER to the SELLER according to Para. 6.2.2..

6.1.2 PAYMENT OF BALANCE UPON DELIVERY

The payment of the balance of \$6,760,223.20 USD (Six Million, Seven Hundred and Sixty Thousand, Two Hundred and Twenty Three and Twenty Cents, U.S. Dollars), representing eighty percent (80%) of the total value of this Contract, will be paid, in accordance with Para. 6.2.3.

6.2 PROCEDURE OF PAYMENTS

6.2.1. BANK ACCOUNT.

Bank of America Branch 1450
450 "B" Street, Suite 100
San Diego, CA 92101
Broadcast Microwave Services, Inc.
Account No. 14505-50317
Routing # 121000358

6.2.2 DOWN PAYMENT: TRANSFER OF FUNDS.

Within twenty (20) days after receipt by the SELLER of the original contract signed by the BUYER, SELLER will present to the BUYER the following documents :

- One (1) original invoice together with seven (7) complete copies bearing contract number, of an amount of \$1,690,055.80 USD (One Million, Six Hundred and Ninety Thousand, and Fifty Five and Eighty Cents, U.S. Dollars), corresponding to the Down Payment of the Contract.

- Down Payment/Bank Guarantee as per ANNEX 4

The BUYER, within thirty (30) days after receipt of the above mentioned documents and the Performance/Warranty Bond shall pay, by telegraphic transfer of funds, the said Down Payment to the account of SELLER as per Para. 6.2.1.

6.2.3 PAYMENT OF BALANCE UPON DELIVERY: DOCUMENTARY CREDIT

6.2.3.1 Within twenty (20) days after receipt by the SELLER of the letter of notification of contract signature signed by the BUYER, SELLER will present a Performance/Warranty Bond as per ANNEX 6. Upon receipt of the Performance/Warranty Bond, the BUYER shall give the SELLER one original copy of the signed contract.

The BUYER, within Sixty (60) days after receipt of the above mentioned document, will open in favour of SELLER an irrevocable, confirmed, transferable and allowing partial deliveries Documentary Credit at the bank mentioned in Para. 6.2.1.

The amount of this documentary credit will \$6,760,223.20 USD (Six Million, Seven Hundred and Sixty Thousand, Two Hundred and Twenty Three and Twenty Cents, U.S. Dollars), representing eighty percent (80%) of the total value of the Contract.

This Documentary Credit shall remain valid until the whole amount of the contract has been paid.

Should the Documentary Credit expire before the completion of the contract,

the BUYER shall in due time extend the documentary credit, at the request of the SELLER.

This Documentary Credit shall be as per model attached in ANNEX 7 hereto.

All fees, taxes, bank and other costs related to the documentary credit required in the BUYER's Country will be borne by the BUYER. All such costs required in the SELLER's Country will be borne by the SELLER.

6.2.4 PAYMENT DOCUMENTS FOR PAYMENTS FROM DOCUMENTARY CREDIT

6.2.4.1 Forty percent (40%) of each delivery against the following documents:

- a) One original and Seven copies of commercial invoice, each bearing contract number.
- b) Original of Certificate of Conformity, countersigned by the QA (Quality Assurance)
- c) Factory Acceptance Test (FAT) Certificate (signed by the SELLER and BUYER's representative. The signature of the BUYER on the Factory Acceptance Certificate will be replaced by the BUYER's "Letter of Notification" if the Factory Acceptance Test has not been attended by the BUYER or is not required.
- d) Delivery Note (signed by the SELLER and BUYER's representative as per ANNEX 10).
- e) Bill of Lading in Duplicate
- f) Packing list
- g) Insurance certificate

One (1) original and two (2) copies of each of the here above-mentioned b) to g) documents will be sent to the BUYER.

For local deliveries, the following documents are required:

- a) One original and Seven copies of commercial invoice, each bearing contract number.
- b) Delivery note as per ANNEX 10. One (1) original and two (2) copies

6.2.4.2 Forty percent (40%) total contract value shall be paid after final acceptance of the system against the following documents:

- a) One original and Seven copies of commercial invoice, each bearing contract number.
- b) Final acceptance certificate signed by Commander/Deputy Commander of Special Operations Command as per ANNEX 9.

6.2.5 BANK GUARANTEES

6.2.5.1 In order to guarantee the repayment of the down payment in case a failure in the delivery obligations of the SELLER has been stated, a down-payment repayment guarantee of the same amount shall be issued in favour of the BUYER.

A specimen of this "Bank Guarantee" is shown in ANNEX 4.

6.2.5.2 In order to guarantee the fulfilment of the contract a Performance/Warranty Bond of ten per cent (10%) of the total amount of the Contract shall be issued in favour of the BUYER. The guarantee shall become effective from the date of issuance and shall be valid up to the expiration of the warranty of the last delivery item under this contract.

A specimen of this Performance/Warranty Bond is shown in Annex 6.

ARTICLE 7 - OPTION TO PURCHASE

In addition to the purchase of the firm quantity subject of this contract, the BUYER can purchase the optional items within 24 months of the date of contract signature in the same prices as for the systems under this Contract.

ARTICLE 8 - DELIVERY

The SELLER undertakes to deliver the goods/equipment on DDU, Special Operation Command Stores mode of transport basis as per incoterms 2000.

Delivery schedule is attached hereto at Annexes 3.

Earlier deliveries are allowed provided the Buyer has agreed with the revised schedule.

ARTICLE 9 - TITLE AND RISK AND RISK OF LOSS

Ownership title and risks of the Equipment shall pass from the Seller to the Buyer at the time the delivery is made to the Buyer as per Article 8 above.

ARTICLE 10 - PENALTIES FOR LATE DELIVERY

10.1 In case the Seller fails to supply the items contracted for in whole or in part at a time later than that stated in the Contract, including the replacement of rejected item, the Buyer reserves the right to apply a penalty of one percent (1%) per week of the value of the delayed items for the first week or part thereof. Thereafter it will be increased to two percent (2%) per week for each subsequent week or part thereof up to a maximum penalty of ten percent (10%) of the value of the items so delayed

10.2 In case the Seller fails to supply the items contracted for in whole or in part (including the rejected items) at the time of delivery as provided for in the Contract, the Buyer shall have the right to take one of the following two measures, without entering into litigation, provided a notice is given to the Seller by a registered letter:

- (1) Make risk purchase the items that the Seller has failed to supply, from a third party at the expense of the Seller (through direct negotiation or inquiries, subject

to the same conditions and specifications previously announced and contracted for). Any excess values in price shall be deducted from the guarantee provided by the Seller or from his dues held with the Buyer or any Government authority, plus an overhead expenses at the rate of 5% of the value of items so purchased plus whatever penalty is due for the delayed period in supply.

- (2) Cancel the contracted items and encash the entire amount of the guarantee in case of failure to supply totally or encash an amount equivalent to 10% of the value of the items so cancelled.

10.3 The Buyer shall waive the penalty in all or in part should the Seller submit documents to prove to the satisfaction of the Buyer that the causes of delay were beyond his reasonable control as per Article 12 Force Majeure.

ARTICLE 11 - REJECTED LINE ITEMS

On receipt of the goods at Abu Dhabi, if any item/items are rejected by the Buyer for non-conformity with specifications and modifications agreed upon, as per conditions of Contract, then the Seller must arrange for replacement of rejected items free of charge (including the freight and insurance charges) as per the agreed specifications and modifications, along with the payment of consequent penalty charges for late delivery imposed with effect from the contractual delivery date and until the date of replacement. The rejected items are to be collected by the Seller at his own cost and risk.

If the rejected items are sent back to the Seller on his request, then all the expenses thus incurred by the Buyer plus administrative charges of 10% value of the rejected goods shall be borne by the Seller.

ARTICLE 12 - FORCE MAJEURE

The following should be considered as cases of force majeure and relieve the parties of their obligation under the CONTRACT as long as the circumstances last:

Fire, mobilization, requisition, war, embargo, currency restriction, insurrection, and acts of God.

ARTICLE 13 - OBLIGATIONS & RIGHTS

Party claiming force majeure shall immediately upon occurrence, notify the other party of such event by fax, telex or telegraph stating the estimated consequences. Onus to prove the occurrence of such events lies on the party claiming its invocation. If the force majeure situation lasts more than three months the Buyer may terminate the CONTRACT without affecting his rights adversely under this CONTRACT. Any extension in the delivery period

due to causes of force majeure shall be by mutual agreement between the parties.

ARTICLE 14 - WARRANTY

14.1 The Seller warrants that the Equipment supplied under this CONTRACT shall be free from defect of design, size, dimensions, material and workmanship for a period of 24 months from the date of signature of Final Acceptance and further warrants that any item/items or part/parts found defective during this period through faulty design, workmanship, manufacture, size, dimensions, software and material will be replaced or repaired free of cost.

14.2 Warranty conditions are provided in ANNEX 5 - WARRANTY

If necessary to return any item under this article to the Seller to effect necessary repair or replacement all associated charges will be borne by the Seller including the transportation and handling charges.

ARTICLE 15 - MARKING & PACKING

Marking and packing of the goods will be done in accordance with the approved standard of the factory.

For Equipment each package will be marked and consigned to the Buyer's facility:

CONTRACT No: DP3/3/27/20/10/2/3/2003/4
UAE ARMED FORCES
SPECIAL OPERATION COMMAND
POST BOX NO.309/39
ABU DHABI - U.A.E.

Any loss or damage to the goods due to faulty packing will be the responsibility of the Seller.

The Equipment required to be kept in the Warehouse should be suitably preserved and packed for long-term storage keeping in view the climatic condition of UAE.

The 0-Level spares-parts will be delivered in re-usable containers.

ARTICLE 16 - INSURANCE

During transportation of the Equipment between USA to UAE as applicable, the Seller will arrange applicable insurance.

ARTICLE 17 - CHANGES

17.1 Should at any time during the life of the CONTRACT, either party desire to make a change to this the CONTRACT, the party desiring the change shall submit to the other party a written request specifying the details of the desired change. The party receiving the

change request shall reply within thirty (30) days, or such other time as the parties agree upon by a written notice of its desire to perform or not to perform the requested change. If it is agreed to proceed with the change, Seller shall submit a written priced (if any) proposal for the change. Upon mutual agreement as to the terms of the change, it shall be incorporated into this the CONTRACT via formal amendment signed by an authorised representative of each party. Unless otherwise agreed to in writing by the change request and reply, neither party shall be obligated to start work on the requested change until the formal amendment has been made a part of this the CONTRACT through execution.

17.2 In case of any contradictions between the CONTRACT statement and the new amendment, the CONTRACT statement shall prevail.

ARTICLE 18 - PERFORMANCE/WARRANTY BOND

The Seller undertakes to submit within 20 days from notification of the signature of the Contract and as a condition to receive his copy of the contract, an unconditional Bank Guarantee for 10% (ten percent) value of the CONTRACT as per specimen given in ANNEX 6 - PERFORMANCE/WARRANTY BOND.

This Guarantee is unconditionally payable to the Buyer upon first written demand by him without reference to the Seller stating that the Seller has failed to fulfill the terms of the Contract. This Guarantee shall become effective from the date mentioned above and will remain valid up to the expiration of the warranty of the last delivery item under this contract.

If Performance/Warranty bond amount decreases due to any deduction from the Seller's account or if the value of supplies or works exceed the amount stipulated in the Contract as a result of extra requirements or subsequent to variation orders, the Seller shall upon demand from the Buyer raise the Performance/Warranty bond, to an amount equivalent to 10% of the total amount of the Contract after the increase, within twenty days from the date of the claim. If the Seller fails to do so the Buyer reserve the right to withhold the amount required to replenish the Performance/Warranty bond from Seller's payments held with him.

If the Seller fails to submit the Performance/Warranty bond within the prescribed twenty days, the Buyer shall reserve the right to perform the work at the Seller's expense and under his responsibility and thereafter shall put in a claim for all differences incurred and shall deduct it from any amount due to him with the Armed Forces or any Government Dept. or alternatively a legal action shall be filed at Court of Law. However, in all cases he shall be barred from future participation in tenders for a minimum period of one year.

ARTICLE 19 - TERMINATION OF CONTRACT

Notwithstanding anything contained in the provision of Articles 10 Penalties For Late Deliveries & Article 13 Obligations and Rights hereof should the Seller hereto fail to perform or observe any of the obligations or conditions on his part to be performed or observed hereunder this Contract or fail to meet the delivery schedule and fail to remedy the breach within 30 days after written notice from the Buyer to remedy the same, the Buyer shall be

entitled, in addition to and without prejudice to any other remedy available, forthwith to terminate this Contract.

The Buyer is entitled to call on the Bank Guarantees of advance payment (if any) and Performance/Warranty bond. The Buyer reserves the right to terminate the supply Contract and forfeit the Performance/Warranty bond without prejudice to the claim for compensation upon occurrence of the following cases:

If the Seller employs fraud and manipulation in his dealings.

If the Seller involves himself directly or indirectly in bribing any of the Buyer Staff and employee or if he participates in activities to cause damage to the interest of the Buyer.

If the Seller goes bankrupt or insolvent.

ARTICLE 20 - TAXES AND DUTIES

All taxes, duties, stamps customs and import duties and other fees or imposts payable outside the Buyer country in connection with the execution of this CONTRACT shall be for the Seller's account.

All taxes, duties, stamps, customs and import duties and other fees or imposts payable in United Arab Emirates directly in connection with the execution of this CONTRACT will be for the Buyer's account.

ARTICLE 21 - SPARES

The Seller guarantees to make available at prevailing prices the spare parts of the Goods/ equipment purchased under this CONTRACT for a period of 10 years from the final acceptance of the goods in Abu Dhabi. If the Seller continues to support the equipments after 10 years, then the Seller shall make available the spare parts for the same period.

ARTICLE 22 - MANUALS & CATALOGUES

The Seller undertakes to provide the Buyer on DDU Abu Dhabi UAE the manuals and spare parts catalogues and update these documents as necessary and in accordance with export regulations for the next 10 years free of charge. If the Seller continues to update the manuals after 10 years, then the Seller shall make available the updates for the same period.

ARTICLE 23 - TRAINING

The Seller's detailed training obligations and program is stipulated in ANNEX 11 - - Training.

ARTICLE 24 - ASSIGNMENT AND BENEFIT

This CONTRACT and the rights and obligations thereof shall be applied to the benefit of the parties hereto, their respective successors and assigns but no party can assign this CONTRACT to any third party/person without the prior written consent and on terms and conditions acceptable to the other party. Allowance shall be made for assignment or transfer of the Contract on merger or purchase of BMS, Inc. and provided that the new entity remains capable of delivering the products pursuant to the Contract.

ARTICLE 25 - INSPECTION

All materials purchased under this Contract will be constructed/manufactured in accordance with the specifications agreed upon between the parties and will be inspected by the Supplier's/ Manufacturer's own system of inspecting and quality control. The Buyer, however, reserves the rights to send his representatives, the number of whom shall be agreed with the Seller, to the manufacturing plant to be present during inspection. The SELLER will notify the BUYER of the inspection date. In the event the BUYER declines to witness the inspection, the BUYER shall notify the SELLER in advance, and the SELLER shall conduct the inspection and signed by QA. Buyer's inspection at BMS's facility shall be for the factory acceptance tests and shall be at Buyer's expense. Buyer agrees to abide by all of BMS's site rules regarding safety and security.

ARTICLE 26 - FINAL ACCEPTANCE

A Final Acceptance Certificate as per model given in ANNEX 9 - FINAL ACCEPTANCE CERTIFICATE shall be signed by the Buyer.

ARTICLE 27 - INDEMNITY

The Seller shall indemnify the Buyer against any liability in respect of damage to property of the Buyer, or a third party or death or injury to the Buyer or to the Buyer's personnel or a third party arising solely from the Seller's performance or failure to perform this CONTRACT except where such damage is attributable to, or death or injury results from, an act of negligence or omission by the Buyer's personnel in which event Buyer will be liable.

ARTICLE 28 - POLITICS

The Seller's employees will perform their duties in respect of the execution of this CONTRACT with care and diligence. They shall refrain from participating in the politics of the UAE and are forbidden to deal in any private business for profit in the United Arab Emirates. In the event of such an occurrence, the Seller at his own expense will replace the employee upon request of the Buyer without any loss of time.

ARTICLE 29 - ANTI-RUST COATING

The Seller undertakes that all items to be supplied under this CONTRACT shall be (if applicable) under coated with anti corrosive resistant material and warrants that this will remain good for a period of four (5) years from the date of their delivery to the Buyer. In

case of any defect appearing in the paint resulting in corrosion during that period, it will be removed by the Seller free of charge.

ARTICLE 30 - MISCELLANEOUS

It is understood by both parties that the Seller has not directly or indirectly entered and will not enter into consultancy deal or any other contract with any of the Commercial firms, companies or agencies operating in the UAE to act on their behalf as their Agent or Consultant in consideration of certain amount of fees or remuneration in order to facilitate and promote the negotiation and finalization of this CONTRACT. Similarly it is understood that no commission, remuneration and/or fees (including consultancy fees) have been or will be, through gratuities, gifts or personal payments granted either directly or indirectly or in any way conferred by the Seller in connection with this CONTRACT to any officer or personnel of UAE or working in/out side the UAE or to the above mentioned commercial firms or to any third party as a bribe for securing its signature or obtaining undue advantages in connection with its negotiations or performance. The Seller also assures that there is no such promise legally binding on him and if any such commitment or obligation is made in ignorance by the Seller with any of the personnel or firms of the UAE in the past the same is hereby revoked and become null and void.

If the Seller contravenes in any way the provision of this Article and the Buyer brings evidence to this effect, the Seller is liable to pay to the Buyer a penalty of 30% value of the CONTRACT and the Buyer is entitled to terminate the CONTRACT without prejudice to his legal rights.

ARTICLE 31 - MODIFICATION

If in the judgment of the Seller and before the actual delivery certain modification/alterations are essential for improvement and safety purposes and such changes do not affect the prices and the delivery schedule, the Seller is obliged to incorporate the said modification/alteration in the products purchased under this CONTRACT with the consent of the Buyer. The modification/alterations which are considered necessary for improvement and safety purposes but are likely to affect the prices and delivery schedule will be carried out through an amendment to the CONTRACT duly signed by the parties.

Any mandatory modification for safety purposes initiated by the Seller shall be carried out by the Seller free of cost to the equipment already delivered to the Buyer at Abu Dhabi.

ARTICLE 32 - PRIOR AGREEMENT

The provisions of this CONTRACT supersede all prior representation or agreements whether oral or written between the parties relating to the subject matter hereof.

ARTICLE 33 - MAINTENANCE

The Seller has agreed to carryout periodical maintenance of the equipment purchased under this Contract according to the maintenance manual free of cost during the warranty period as per Article 15 Warranty. The SELLER will utilize Middle East Optronics (ME0), a local UAE service center as the maintenance, support and repair depot for the system under this contract.

ARTICLE 34 - TECHNICAL ASSISTANCE

Technical assistance shall be as per Annex 1.

ARTICLE 35 - OBSERVATION OF RULES & REGULATIONS

During performance of on site services the Seller's personnel shall abide by all rules and regulations existing in the U.A.E.

ARTICLE 36 - ARBITRATION

The Seller and the Buyer base their relations with regard to this Contract on the principles of good will and good faith. All disputes arising in connection with the present contract, if not amicably resolved between the parties, shall be finally settled under the rules of conciliation and arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said rules. The arbitration shall take place in Lausanne/Switzerland and the arbitrators shall have the powers of amiable compositor. The decision of the Arbitration shall be final, binding and enforceable, on the parties.

This contract will be governed and interpreted in accordance with laws of Switzerland.

ARTICLE 37 - ADDRESSES AND NOTICES

As to the performance of this CONTRACT, any notice correspondence or communications to be given by one party to the other shall be sent to the following addresses:

BUYER
DIRECTOR
GENERAL PURCHASING DIRECTORATE
UAE ARMED FORCES
POST BOX NO. 2501
ABU DHABI - U.A.E.
Fax No. +9712-4415687

SELLER
BMS
12367 Crosthwaite Circle
Poway, CA 92064 USA
Tel: +1-858-391-3050
Fax: +1-858-391-3049

COPY TO:
GHQ Armed Forces
Special Operation Command
P.O. Box 309/39
Abu Dhabi - UAE
Tel: +9712-5588999
Fax: +9712-5588664

In case of change of address by any party, immediate notification thereof will be made by fax to the other party.

All notices and communications so addressed shall be deemed to have been received only on their actual receipt by the other party.

All documents, notices and communications shall bear the following
CONTRACT number : DP3/3/27/20/10/2/3/2003/4

ARTICLE 38 - ENTIRE CONTRACT

This Contract is executed in English Language and is, comprised of Volume I, Articles 1 through 39; with Annexes 1 through 11 and Volume II, Technical Specifications, which constitute the entire agreement between the Parties.

Both parties agree that the English language shall be the official language governing the conduct of the parties under this CONTRACT and all written or printed material provided by the Seller and all communications and correspondence between the parties related to this CONTRACT shall be in the English language.

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ARTICLE 39 - COMING INTO FORCE

The CONTRACT shall become valid and effective upon signature by the duly authorized representatives of the Buyer and the Seller .

This CONTRACT has been made in four (4) originals and five copies, all in English languages.

- (1) Three (3) originals and four (4) copies for the Buyer
- (2) One (1) original for the Seller.

THUS DONE AND SIGNED ON THIS 22 DAY OF FEBRUARY 2003

FOR AND ON BEHALF OF BUYER

GENERAL HEADQUARTERS
OF THE UNITED ARAB EMIRATES
ABU DHABI - UNITED ARAB EMIRATES

NAME: STAFF LT. GENERAL
MOHAMMAD BIN ZAYED AL NAHYAN

TITLE: CHIEF OF STAFF UAE ARMED FORCES

SIGNATURE: /S/ MOHAMMAD BIN ZAYED AL NAHYAN

THIS DONE AND SIGNED ON THIS 19TH DAY OF FEBRUARY 2003
FOR AND ON BEHALF OF SELLER

BMS INC.

NAME: GRAHAM BUNNEY
TITLE: PRESIDENT
SIGNATURE: /S/ GRAHAM BUNNEY

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ANNEX 1

Technical Assistance

1.1 GENERAL

The SELLER agrees to provide the BUYER technical assistant personnel in order to advise the BUYER's specialists on servicing, troubleshooting and maintenance of equipment supplied by the SELLER, for a period of 12 months from final acceptance.

1.2 PURPOSE

The SELLER agrees to send to the BUYER's facilities technical personnel, in order to assist the BUYER's specialists on servicing, troubleshooting and maintenance of Products of the BUYER supplied by the SELLER.

1.3 DUTIES AS TECHNICAL ASSISTANCE

1.3.1 To provide the BUYER's Technical Team with the following services:

- Assistance with scheduled and unscheduled maintenance.
- Assistance with repair orders, warranty claims sent to the relevant departments.
- Repair of components in accordance with the specialty of the technical assistant
- Technical and logistic problems.
- Assistance with recording repetitive technical occurrences and liaising with the SELLER's organization to find preventative solutions.
- Checking the shortcoming in the technical publications and participating with the authorities concerned in the requests for correction.
- Checking that the Customer has received all the mandatory directives issued by the SELLER, that these directives are complied with and that the results are obtained.
- Preparing, carrying and following up various inspections.
- Assistance with the continuing tasks performed by the BUYER's maintenance staff in Support of equipment. Monitor that correct services and repair procedures are implemented by the BUYER'S technicians and advice as necessary.
- Develop a support function with the BUYER's maintenance facilities with an emphasis on technical assistance and education.
- Utilize technical publications and Computer Aided Training to develop on the job maintenance training procedures and utilization of technical publications.
- Perform publication verification and propose and utilization of technical publications.
- Perform publication verification and purpose changes to, technical data when required.

- Provide technical report and technical assistance to the BUYER for questions on operation, maintenance and repair.
- Provide technical assistance in the use of computer application and operation for delivered software and conduct training in the use of this software when required.
- Support the development of the operation of the BUYER's facility.
- Maintain the flow of repair items by analysing problem areas and suggest solution to the BUYER's maintenance team.
- Provide the BUYER the technical support for troubleshooting and diagnostic procedures on equipment and support equipment.
- Provide on-the-job training and appropriate certification.

1.3.2 To maintain close technical liaison with the BUYER's staff as well as with the Technical Authority of the SELLER in the SELLER's Company.

1.3.3 To furnish technical advice on the maintenance of the equipment and to advise the BUYER on accomplishment and standard maintenance performed.

1.3.4 To assist in resolving queries and technical problems arising from/or associated with the Equipment.

1.3.5 To be on duty for such number of hours as shall be reasonably necessary to meet the BUYER's requirements. A normal working week will comprise up to 45 hours. However in urgent circumstances on a daily basis the Seller's specialists will attend beyond the normal working hours.

1.3.6 To give assistance and advice to the BUYER's engineering staff to help solve problems arising from day to day operation of the equipment.

1.3.7 To provide a focal point for technical communication between the BUYER and the SELLER.

1.3.8 Performance of technical investigation and reporting after special occurrence/accident.

1.4 DURATION OF ASSISTANCE OF THE SELLER'S PERSONNEL

The duration of the assistance will be one year.

1.5 RESPONSIBILITY OF THE SELLER

1.5.1 The SELLER's employees shall refrain from participating in politics of U.A.E or dealing in any private business for profit in the U.A.E. In the event of such an occurrence the SELLER will replace the employee upon request of the BUYER. All these replacements or removals shall be without any cost to the BUYER.

1.5.2 The SELLER's personnel shall at all times be recognised as the employee of the

SELLER and shall remain and act under SELLER's authority. The detailed scope of work of the SELLER's employees shall be defined by mutual agreement between the BUYER and the SELLER as in paragraph 1.3 Technical Assistance.

1.5.3 The SELLER's personnel shall abide by the security and safety regulations and other directly relative standing regulations issued by the BUYER and notified to the SELLER's personnel.

1.6 RESPONSIBILITY OF THE BUYER

To enable the SELLER's personnel to perform their duties efficiently the BUYER shall designate a representative having the necessary authority with respect to the decision to be taken on all the tasks associated.

The BUYER's administration shall help the SELLER's personnel to deal with administrative formalities, in accordance with the rules and regulation of UAE.

Should a war be declared in the U.A.E., the SELLER's personnel present on site shall in no circumstances operate in the combat area. They shall be protected in so far so possible against any hazard resulting from such a conflict.

1.7 OTHER PROVISIONS

In case the SELLER wishes to replace any member of his personnel, the SELLER shall give in writing an advance notice of thirty (30) days, providing the BUYER with justified reasons for such replacement. After consultation and agreement of both parties, the replacement of the said member will be performed, being understood that this eventual replacement will not affect in any way the good performance of its tasks. All expenses will be borne by the SELLER.

1.8 PRICES

The first year technical assistance shall be provided free of charge and further requested technical assistance shall be \$10,000 (Ten Thousand US Dollars) per month thereafter.

ANNEX 2
PRICE BREAKDOWN

SUMMARY

ANNEX	QTY	DESCRIPTION	PRICE
2A	24	AIRCRAFT SYSTEMS	***
2B	3	FIXED RECEIVE SIGHTS - SUPER QUAD	***
2C	4	FIXED RECEIVE SITES - SILHOUETTE	***
2D	1	FIXED RECEIVE SITE - SILHOUETTE	***
2E	1	MASTER CONTROL STATION	***
2F	5	REMOTE VIEWING STATION	***
2G	8	ENG VEHICLES - RELAY TX/RX	***
2H	12	ENG VEHICLES - TX ONLY	***
2J	6	BELT PACK RECEIVER WITH TABLET COMPUTER	***
2K	2	RELAY AIRCRAFT	***
2L	1	ENGINEERING SUPPORT & PROJECT MANAGEMENT	***
2M	4	PORTABLE RECEIVE & RELAY STATION	***
2N	LOT	SPARES PROVISIONING	***
2O	LOT	FIBER INSTALLATION SERVICES	***
2P	1	BARCO DISPLAY SYSTEM	***
2R	1	TS PROJECT REQUIREMENT	***

TOTAL CONTRACT PRICE: \$8,450,279.00

*** Confidential material redacted and submitted separately to the Commission

ANNEX 2A
AIRCRAFT EQUIPMENTS

Item	Qty	Description	Price
1.	1	Carry-Newscoder 2.0 to 2.5 GHz COFDM Transmitter with MPEG2 Encoder, COFDM modulator, 2 audio channels and GPS data channel, remote controllable 11-30V DC In with digital ASI input	***
2.	1	FSK Modem for FSI data	***
3.	1	10 W Power Amplifier	***
4.	1	GCA-11 Switchable Antenna Pod, 8" High Radome, 11 dBi Directional Antenna 2.0 to 2.5 GHz with internal GPS receiver & compass	***
5.	1	Hand Held Controller	***
6.	1	GCA-11- Pod Mounting Frame for: 6 each Panther Helicopter 8 each Fennec Helicopters 10 each Fixed Wing Aircrafts	***
7.	1	GCA-4 Cable Harness for: 6 each Panther Helicopter 8 each Fennec Helicopters 10 each Fixed Wing Aircrafts	***
		PRICE FOR ONE SYSTEM:	***
		PRICE FOR 24 SYSTEMS	***
8.	1	GCA-11- Pod Mounting Frame for Fennec Helicopters	***
9.	1	GCA-11 Cable Harness for Fennec Helicopters	***
		PRICE FOR ONE FENNEC INSTALLATION KIT:	***
		PRICE FOR 4 FENNEC INSTALLATION KITS:	***
		TOTAL PRICE FOR 2A AIRCRAFT EQUIPMENTS	***

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Contract: DP3/3/27/20/10/2/3/2003/4

ANNEX 2B
FIXED RECEIVE SITES SUPER QUAD

Item	Qty	Description	Price
1	1	11 dBi OMNI Antennas with LNA Box	***
2	1	Superquad Central Receive Antenna, 2.0 - 2.5 GHz, 30 dB LNA, 2 GHz RF filter, Single CP	***
3	1	300 feet CC-12p control cable	***
4	2	300 feet of LDF-4-50A Heliac Cable. with N(m)	***
5	1	Coaxial Relay to switch OMNI/Steerable Antenna	***
6	1	2 Way splitter, 2.0 to 2.5 GHz	***
7	1	4 way splitter, 2.0 to 2.5 GHz	***
8	4	Carry-Decoder 2 GHz COFDM demodulator and MPEG2 decoder, 1 RU, 12 VDC with ASI out	***
9	1	SCU-322 Systems Control Unit	***
10	1	SCU-321 Systems Control Unit	***
11	1	BARCO ATM Adapter, 4 ASI to E3 converter	***
12	1	E1 Channel Bank	***
13	1	Telephone Instruments	***
14	1	19" Relay Racks	***
15	1	Curb panel, Manufacture & Install	***
		PRICE FOR ONE SYSTEM:	***
		PRICE FOR 3 SYSTEMS:	***

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Contract: DP3/3/27/20/10/2/3/2003/4

ANNEX 2C
FIXED RECEIVE SITES SILHOUETTE

Item	Qty	Description	Price
1	1	11 dBi OMNI Antennas with LNA Box	***
2	1	Silhouette Central Receive Antenna, 2.0 - 2.5 GHz, 30 dB LNA, 2 GHz RF filter, Single CP	***
3	1	300 feet CC-12p control cable	***
4	2	300 feet of LDF-4-50A Heliac Cable. with N(m)	***
5	1	Coaxial Relay to switch OMNI/Steerable Antenna	***
6	1	2 Way splitter, 2.0 to 2.5 GHz	***
7	1	4 way splitter, 2.0 to 2.5 GHz	***
8	3	Carry-Decoder 2 GHz COFDM demodulator and MPEG2 decoder, 1 RU, 12 VDC with ASI out	***
9	1	SCU-322 Systems Control Unit	***
10	1	SCU-321 Systems Control Unit	***
11	1	BARCO-NET ATM Adapter, 4 ASI to E3 converter	***
12	1	E1 Channel Bank	***
13	1	Telephone Instruments	***
14	1	19" Relay Racks	***
15	1	Curb panel, Manufacture & Install	***
		PRICE FOR ONE SYSTEM:	***
		PRICE FOR 4 SYSTEMS:	***

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Contract: DP3/3/27/20/10/2/3/2003/4

ANNEX 2D
FIXED RECEIVE SITES SILHOUETTE

Item	Qty	Description	Price
1	1	11 dBi OMNI Antennas with LNA Box	***
2	1	Silhouette Central Receive Antenna, 2.0 - 2.5 GHz, 30 dB LNA, 2 GHz RF filter, Single CP	***
3	1	300 feet CC-12p control cable	***
4	2	300 feet of LDF-4-50A Heliac Cable. with N(m)	***
5	1	Coaxial Relay to switch OMNI/Steerable Antenna	***
6	1	2 Way splitter, 2.0 to 2.5 GHz	***
7	1	4 way splitter, 2.0 to 2.5 GHz	***
8	4	Carry-Decoder 2 GHz COFDM demodulator and MPEG2 decoder, 1 RU, 12 VDC with ASI out	***
9	1	SCU-322 Systems Control Unit	***
10	1	SCU-321 Systems Control Unit	***
11	1	BARCO-NET ATM Adapter, 4 ASI to E3 converter	***
12	1	E1 Channel Bank	***
13	1	Telephone Instruments	***
14	1	19" Relay Racks	***
15	1	Curb panel, Manufacture & Install	***

PRICE FOR ONE SYSTEM: ***

*** Confidential material redacted and submitted separately to the Commission

ANNEX 2E
MASTER CONTROL STATION

Item	Qty	Description	Price
1	9	Console mount 18" LCD touch screen monitor	***
2	3	Pentium PC	***
3	3	NSI MC Pro software	***
4	16	NSI defined equipment control panel	***
5	2	Acceleport 16P serial board and cable	***
6	8	Alcor ATM adapter, E3 to ASI converter	***
7	8	E1 channel bank	***
8	1	64 x 64 ASI switcher	***
9	1	7 ft. high 19" equipment rack	***
10	1	4.3 TB Gigabit SAN raid storage with Brocade switch	***
11	2	5800 I/O server or equivalent	***
12	5	MGW3100 ASI to Ethernet converter	***
13	1	Foundry Networks IP switch	***
14	1	Foundry TurboIron IP switch	***
15	3	DE303 NPorts serial to Ethernet converters	***
16	2	TripLite industrial UPS backup power	***
17	1	JetLogger Server tracking and viewing software specifically for MPEG data streams	***
18	1	IBM Tivoli SAN file manager	***
20	1	Network system engineering, integration and test	***
21	3	News-Decoder for record purposes	***
21	3	PAL VCR	***
22	3	DELL Work station computers or equivalent	***
23	1	VCS helicopter tracking software for UAE map display	***

PRICE FOR ONE MASTER CONTROL STATION ***

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ANNEX 2F
REMOTE VIEWING STATION

Item	Qty	Description	Price
1	1	DELL Pentium 4 Workstation, a) 512 Mb RAM b) 60 GB IDE hard drive c) Combo burner/DVD drive d) Internal DSL Modem e) XP Professional Operating System f) NEC 17" Flat Panel Display	***
2	2	Ethernet to E3 interface modem	***
		PRICE FOR ONE SYSTEM:	***
		PRICE FOR 5 SYSTEMS:	***

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Contract: DP3/3/27/20/10/2/3/2003/4

ANNEX 2G
 ENG VEHICLE - RELAY TX/RX

Item	Qty	Description	Price
1	1	BMA-11-0 receive antenna, 2.0 - 2.5 GHz, 11 dBi antenna with LNA assembly.	***
2	1	GTA-11- Mobile transmit antenna, 2.0 - 2.5 GHz, 11 dBi antenna, GPS receiver & compass.	***
3	1	10 W Power Amplifier.	***
		NYCOIL Cable Assemblies, consisting of:	
4	1	Up to 100 feet NYCOIL Tubing	***
5	2	Up to 100 feet of RG-214/U RF Coaxial Cable	***
6	1	Up to 100 feet of TX Ant.Control Cable	***
		PNEUMATIC TELESCOPIC ANTENNA MAST	
7	1	NL.9 9m pneumatic telescopic mast	***
8	1	Side mounting brackets and deployment mechanism	***
9	1	12V DC Compressor assembly	***
10	1	Carry-Decoder 2 GHz COFDM demodulator and MPEG2 decoder, 1 RU, 12 VDC with ASI out	***
11	1	Carry-Newscoder 2.0 to 2.5 GHz COFDM Transmitter with MPEG2 Encoder, COFDM modulator, 2 audio channels and GPS data channel, remote controllable 11-30V DC In with digital ASI input	***
12	1	6.8" LCD, Hi-Brite Color Monitor	***
13	1	Interconnect wiring harness	***
15	1	Hand Held control panel for GTA-11 transmit antenna	***
		PRICE FOR ONE SYSTEM:	***
		PRICE FOR 8 SYSTEMS	***

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ANNEX 2H
 ENG VEHICLE - TX ONLY

Item	Qty	Description	Price
1	1	GTA-11- Mobile transmit antenna, 2.0 - 2.5 GHz, 11 dBi antenna, GPS receiver & compass.	***
2	1	10 W Power Amplifier.	***
		NYCOIL Cable Assemblies, consisting of:	
3	1	Up to 100 feet NYCOIL Tubing	***
4	2	Up to 100 feet of RG-214/U RF Coaxial Cable	***
5	1	Up to 100 feet of TX Ant.Control Cable	***
		PNEUMATIC TELESCOPIC ANTENNA MAST	
6	1	NL.9 9m pneumatic telescopic mast	***
7	1	Side mounting brackets and deployment mechanism	***
8	1	12V DC Compressor assembly	***
9	1	Carry-Newscoder 2.0 to 2.5 GHz COFDM Transmitter with MPEG2 Encoder, COFDM modulator, 2 audio channels and GPS data channel, remote controllable 11-30V DC In with digital ASI input	***
10	1	Interconnect wiring harness	***
11	1	Hand Held control panel for GTA-11 transmit antenna	***
		PRICE FOR ONE SYSTEM:	***
		PRICE FOR 12 SYSTEMS	***

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ANNEX 2J
BELT PACK RECEIVER/CASE

Item	Qty	Description	Price
1	1	Belt Pack Decoder 2 GHz COFDM demodulator and MPEG2 decoder, with 12V Battery and Battery. charger & 2 dBi omni directional antenna, or MIL-Spec Laptop computer System with Receiver	***
2	1	Tablet Computer	***
3	1	Upgrade to 802.11b WiFi	***

PRICE FOR ONE SYSTEM: ***

PRICE FOR 6 SYSTEMS ***

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ANNEX 2K
RELAY AIRCRAFT EQUIPMENTS

Item	Qty	Description	Price
1.	1	Carry-Newscoder 2.0 to 2.5 GHz COFDM Transmitter with MPEG2 Encoder, COFDM modulator, 2 audio channels and GPS data channel, remote controllable 11-30V DC In & ASI in option for relay capability	***
3.	1	10 W Power Amplifier	***
4	1	Carry-Decoder 2.0 to 2.5 GHz COFDM Receiver with MPEG2 Decoder, COFDM demodulator, 2 audio channels and GPS data channel, remote controllable 11-30V DC In & ASI out option for relay capability	***
5.	1	TAA-101 Actuator	***
6.	1	BMA-6-0 6 dBi omni directional antenna	***
7.	1	GPS Data Multiplexer	***
8.	3	BPF-100, Filter	***
9.	1	Relay Cable Harness	***
		PRICE FOR ONE RELAY KIT:	***
		PRICE FOR 2 SYSTEMS:	***

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ANNEX 2L
SYSTEM ENGINEERING SUPPORT AND PROJECT MANAGEMENT

Item	Qty	Description	Price
1	1	12 months BMS and in-country support and management	***
2	2	Textronix Spectrum Analyzer	FOC
PRICE FOR ONE LOT:			***

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ANNEX 2M
PORTABLE RELAY (OPTIONAL)

Item	Qty	Description	Price
1	1	BMA-11-0 receive antenna, 2.0 - 2.5 GHz, 11 dBi antenna with LNA assembly.	***
2	1	GTA-11- Mobile transmit antenna, 2.0 - 2.5 GHz, 11 dBi antenna, GPS receiver & compass.	***
3	1	10 W Power Amplifier.	***
4	1	WTM3 21m telescopic winch operated mast	***
5	1	Guy Kits	***
6	1	Top Guy Assembly	***
7	1	Carry bag for accessories	***
8	1	100 feet of control cable	***
9	1	100 feet of RG-214/U RF Coaxial Cable	***
10	1	Carry-Decoder 2 GHz COFDM demodulator and MPEG2 decoder, 1 RU, 110-260VAC With ASI out option	***
11	1	Carry-Newscoder Portable COFDM transmitter Includes: MPEG2 4:2:0 Encoder COFDM (DVB 2K Carriers), 8 MHz RF Bandwidth, 1 Watt RF output with ASI in option	***
12	1	Hand Held control panel for GTA-11 transmit antenna	***
13	1	17" flat panel LCD Color Monitor	***
14	1	Equipment transit cases	***
15	1	Cable Harness	***
16	1	Honda Generator	***
		PRICE FOR ONE SYSTEM:	***
		PRICE FOR 4 SYSTEMS	***

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Contract: DP3/3/27/20/10/2/3/2003/4

ANNEX 2N
RECOMMENDED SPARE EQUIPMENT PROVISIONING

Item	Qty	Description	Price
1.	1	Carry-Newscoderr 2.0 to 2.5 GHz COFDM Transmitter with MPEG2 Encoder, COFDM modulator, 2 audio channels and GPS data channel, remote controllable 11-30V DC In with ASI option	***
2.	1	10 W Power Amplifier	***
2.	1	GCA-11 Switchable Antenna Pod, 8" High Radome, 11 dBi Directional Antenna 2.0 to 2.5 GHz with internal GPS receiver & compass & Hand Held Controller	***
3	1	11 dBi OMNI Antennas with LNA Box	***
4	1	News-Decoder 2.0 to 2.5 GHz; COFDM Receivers wit ASI output, 1 RU, 110-260VAC	***
5	1	SCU-322 Systems Control Unit	***
6	1	SCU-321 Systems Control Unit	***
7	1	BARCO ATM Adapter, ASI to E3 converter	***
8	1	E1 Channel Bank	***
9	1	Alcor ATM adapter, E3 to ASI converter	***
10	1	MGW3100 ASI to Ethernet converter	***
11	1	GTA-11- Mobile transmit antenna, 2.0 - 2.5 GHz, 11 dBi antenna, GPS receiver & compass.	***
12	1	Hand Held control panel for GTA-11 transmit antenna	***
13	1	Hand Held control panel for GCA-11 transmit antenna	***

The BUYER shall select from the above mentioned spares for a total of \$464,561.00

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ANNEX 20
FIBER INSTALLATION SERVICES

Item	Qty	Description	Price
1	Lot	Installation of Fiber Services	***

PRICE FOR ONE SYSTEM: ***

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ANNEX 2P
BARCO MONITOR SYSTEM

Item	Qty	Description	Price
1	Lot	BARCO Control Display System including 17" Monitors, Qty 15	***
2	1	Smart Board	FOC
3	1	60" screen Sony monitor	FOC

PRICE FOR ONE SYSTEM: ***

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ANNEX 2R
TS PROJECT MAN PACK SYSTEM AND RELAY

Item	Qty	Description	Price
		Man pack System comprising:	
1	1	Carry-Coder COFDM transmitter Includes: MPEG2 4:2:0 Encoder COFDM (DVB 2K Carriers), 8 MHz RF Bandwidth, 1 Watt RF output	***
2	1	Back pack with integral antenna system	***
3	1	Set of 2 batteries and charger	***
		PRICE FOR ONE SYSTEM:	***
		PRICE FOR 4 SYSTEMS	***
		Vehicle receive and relay	
1	2	BMA-11-0 receive antenna, 2.0 - 2.5 GHz, 11 dBi antenna with LNA assembly.	***
2	1	GTA-11- Mobile transmit antenna, 2.0 - 2.5 GHz, 11 dBi antenna, GPS receiver & compass.	***
3	1	10 W Power Amplifier.	***
4	3	6 meters of RG-214/U RF Coaxial Cable	***
5	1	6 meters of TX Ant.Control Cable	***
6	2	News-Decoder 2 GHz COFDM demodulator and MPEG2 decoder, 1 RU, 110-260VAC	***
7	1	News-coder ENG Truck System Includes: MPEG2 4:2:0 Encoder COFDM (DVB 2K Carriers), 8 MHz RF Bandwidth, 1 Watt RF output	***
8	1	17" flat panel LCD Color Monitor	***
9	1	Hand Held control panel for GTA-11 transmit antenna	***
10	1	Interconnect wiring harness	***
		PRICE FOR ONE SYSTEM:	***

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ANNEX 2R (CONTINUED)

TRIPOD MOUNTED RELAY:

1	1	BMA-11-0 omni receive antenna, 2.0 - 2.5 GHz, 11 dBi antenna with LNA assembly.	***
2	1	BMA-14-P patch transmit antenna, 2.3 - 2.5 GHz, 14 dBi	***
3	1	10 W Power Amplifier.	***
4	2	6 meters of RG-214/U RF Coaxial Cable	***
5	2	BTA-100 microwave tripod with quick disconnect mount	***
6	1	News-Decoder 2 GHz COFDM demodulator and MPEG2 decoder, 1 RU, 110-260VAC	***
7	1	News-coder ENG Truck System *** COFDM (DVB 2K Carriers), 8 MHz RF Bandwidth, 1 Watt RF output	***
8	1	Sony LCD 8" Color Monitor	***
9	1	MB520 19" rack for Sony monitor	***
10	1	19" transit case with interconnect wiring	***
11	2	Tripod transit case	***
12	2	Antenna and amplifier transit case	***
13	1	Rugged laptop with multi-user licenses for mapping software	***
		PRICE FOR ONE SYSTEM:	***
		PRICE FOR 4 SYSTEMS	***
		TOTAL FOR TS PROJECT	***

*** Confidential material redacted and submitted separately to the Commission

ANNEX 3
DELIVERY SCHEDULE

Delivery schedule shall be as per attached on page 40A of the contract.

41-49

*** Confidential material redacted and submitted separately to the Commission

Contract: DP3/3/27/20/10/2/3/2003/4

ANNEX 4
SPECIMEN OF DOWN PAYMENT GUARANTEE

- 1) With reference to the contract n(degree) DP/3/3/27/20/10/2/3/2003/4 concluded onbetween GHQ Armed Forces, General Purchasing Directorate, Abu Dhabi, UAE (hereinafter called the BUYER - 1st party) and Broadcast Microwave Services, San Diego, CA (hereinafter called the SELLER - 2nd party) for the supply of Air - Ground Digital Microwave System as stipulated in the contract stipulating that an amount of \$1,690,055.80 USD (One Million, Six Hundred and Ninety Thousand, and Fifty Five and Eighty Cents, U.S. Dollars), representing twenty percent (20%) of the value of the Contract shall be paid in advance to the SELLER, we the undersigned undertake to the hold at the disposal of GHQ Armed Forces, Abu Dhabi the said sum as a guarantee for the Advance Payment and it will become effective from the date of the Buyer makes remittance of the amount to the account of the Seller.
- 2) This Guarantee is unconditionally payable to the Buyer upon first written demand by him without reference to the SELLER stating that the SELLER has failed to fulfil the terms of Contract.
- 3) This Guarantee shall be valid for the entire period of the Contract but shall be progressively reduced in proportion to the partial deliveries in accordance with the terms of the Contract referred to above by the amount confirmed by Finance Department as having been received towards settlement of the advance and will expire automatically upon completion of full deliveries under this Contract without returning the documents to the Bank.
- 4) If deliveries are not finalized within stipulated period of the Contract and the cancellation has not also been notified, this guarantee will progressively and automatically be extended till such time the confirmation is given by Director Governments Accounts, Abu Dhabi Finance Department that either the delivery of outstanding items is completed or the advance has been fully recovered.

Bank incorporated in U.A.E.

42-49

*** Confidential material redacted and submitted separately to the Commission

Contract: DP3/3/27/20/10/2/3/2003/4

ANNEX 5

WARRANTY

1. GENERAL

Any warranty claim will be notified by the BUYER to the SELLER.

BMS warrants that the Equipment will conform to the contract Technical Specifications and be free from defects in material and software for 24 months, from final acceptance date.

Any system software bug fixes, updates and customisation to meet the technical specifications of the contract shall be implemented at no cost to the BUYER during the warranty period.

In the case of equipment during warranty period was sent for repair under warranty, the following shall apply:

BMS warrants spare or replacement parts manufactured by BMS for six months from shipment. Repairs of spare or replacement parts shall be warranted for 6 months of use, except that repairs performed under this warranty shall be warranted for the remainder of the original warranty period, if the remainder of the warranty period is more than six months.

Buyer shall report any claimed defect in writing to BMS immediately upon discovery and in any event, within the warranty period. BMS shall, at its sole option, repair the Goods or furnish replacement equipment or parts thereof, at the appropriate BMS service center nearest to Buyer. Software repairs response shall be within 48 hours of notification by the BUYER, and the SELLER shall provide the needed software fix within two weeks.

This warranty is void for the part of the system that has been repaired, altered or modified in any manner by persons other than BMS or BMS service center without BMS's prior written approval. No Goods furnished by BMS shall be deemed to be defective by reason of normal wear and tear, or Buyer's failure to properly store, install, operate or maintain the Goods in accordance with specific recommendations or instructions of BMS. All warranty repairs must be performed at an authorized BMS service center using recommended replacement spare parts.

Under this limited warranty, the Seller is responsible for the shipping and any other charges incurred in sending the Goods to the authorized service center specified by BMS, and the return of the Goods to the Buyer. The turnaround time on repairs will usually be fourteen working days or less. However, for some specific repairs, additional days might be required for repair, not to exceed fifty days (50) from the date item received by BMS or forwarding agent.

43-49

*** Confidential material redacted and submitted separately to the Commission

Contract: DP3/3/27/20/10/2/3/2003/4

ANNEX 6

SPECIMEN OF PERFORMANCE/WARRANTY BOND

- 1) With reference to the contract DP/3/3/27/20/10/2/3/2003/4 concluded on day of between GHQ ARMED FORCES, General Purchasing Directorate, Post Box n(degree)2501, Abu Dhabi, UAE (hereinafter called the BUYER - 1st party) and BMS, hereinafter called the Seller - 2nd party) for the supplying of Digital Video Downlink System and in accordance with Article 18, the said Contract we the undersigned hereby undertake to hold at the disposal of the Buyer an amount of \$845,027.90 USD (Eight Hundred and Forty Five Thousand, Twenty Seven and Ninety Cents, U.S. Dollars), representing 10 % of the value of the Contract as a Guarantee for the fulfilment of terms and conditions of the Contract.
- 2) This Guarantee is unconditionally payable to the Buyer upon first written demand by him without reference to the Seller stating that the Seller has failed to fulfil the terms of the Contract. This Guarantee shall become effective from the date mentioned above and will remain valid up to the expiration of the warranty of the last delivery item under this contract.
- 3) If the obligations are not finalized within stipulated period of the Contract and the cancellation has also not been notified, this Guarantee will progressively and automatically be extended till such time the confirmation is given by General Purchasing Directorate, GHQ ARMED FORCES that the obligations under the Contract are fulfilled.
- 4) This Guarantee will be returned upon the fulfilment of the obligations.

(NAME OF THE BANK)

44-49

*** Confidential material redacted and submitted separately to the Commission

Contract: DP3/3/27/20/10/2/3/2003/4

ANNEX 7

SPECIMEN OF DOCUMENTARY CREDIT

From US Bank

Date of issue :

Dear Sirs,

Kindly note that we hereby establish our irrevocable documentary credit number..... as per the following details. Please notify beneficiary accordingly, adding your confirmation.

Beneficiary's name and address: BMS

Applicant's name and address: Government of Abu Dhabi, Finance Department, Abu Dhabi

Amount:

This documentary credit is available in San Diego, CA, beginning at T.0 +60 months (T.0 being the date contract signature by the Buyer) against Beneficiary's draft drawn on yourselves payable at sight in accordance with the terms of this credit and presentation of the documents as per ARTICLE 2 of this Contract. The UCP will govern this Letter of Credit.

ADDITIONAL INSTRUCTIONS:

1. The purpose of this letter of credit is to arrange payments under contract n(degree) DP/3/3/27/20/10/2/3/2003/4 dated signed between the G.H.Q., United Arab Emirates Armed Forces, Abu Dhabi (the Buyer) and BMS Inc (the Seller) covering the purchase of Digital Video Downlink System and services as stipulated in ANNEX 2, Price Breakdown.
2. Documents to be presented to US Bank____, International Banking Division, San Diego, CA for payment as per section 6.3 of the contract:
3. This Documentary Credit will be possibly modified, if necessary, in order to allow the settlement of Contract modifications.
4. Partial deliveries allowed
5. Documents presented for payment even after 21 days from the date of their issuance, but within the validity date of the letter of credit, are acceptable.
6. All documents should refer to our documentary credit No.....

*** Confidential material redacted and submitted separately to the Commission

Contract: DP3/3/27/20/10/2/3/2003/4

7. All bank charges incurred by the correspondent bank in the Seller's country are for account of beneficiary.
8. Reimbursement instructions: telegraphically by debit of our account with, through whom we are accrediting you, under telex advice to us. Negotiating Bank to add its confirmation for the full amount of the credit.

- - Except as otherwise expressly stated, this credit is subject to the uniform customs and practice for documentary credits (1993 revision) international chamber of commerce publication no 500.

Name of the Bank in Abu Dhabi.

46-49

*** Confidential material redacted and submitted separately to the Commission

Contract: DP3/3/27/20/10/2/3/2003/4

ANNEX 8

Documentation

- Operator Manuals
- Maintenance Manuals

Main Control Room Documentation:

- Operation
- Maintenance
- System Manuals

Above documentations will be submitted prior to the installation of the system according to the contract. The content of documentation shall be mutually agreed by the BUYER and the SELLER.

47-49

*** Confidential material redacted and submitted separately to the Commission

Contract: DP3/3/27/20/10/2/3/2003/4

ANNEX 9

CERTIFICATE OF FINAL ACCEPTANCE

The Special Operation Command certifies that Broadcast Microwave Services (BMS) has delivered and installed all deliverables under Contract DP3/3/27/20/10/2/3/2003/4

.....

On Behalf of Buyer:

Signature: _____

Name:
Title: Commander of Special Operation
Command (SOC)
Date:

SEAL

48-49

*** Confidential material redacted and submitted separately to the Commission

Contract: DP3/3/27/20/10/2/3/2003/4

ANNEX 10

DELIVERY NOTE

By signing below, the Buyer certifies that following Systems and Services provided by the Seller has been delivered and accepted as per the Contract.

.....

On Behalf of Buyer:

Signature: _____

Name:
Title: Commander of Special Operation
Command (SOC)
Date:

SEAL

49-49

*** Confidential material redacted and submitted separately to the Commission

Contract: DP3/3/27/20/10/2/3/2003/4

ANNEX 11

TRAINING
SOC Downlink Training

Training will consist of two separate programs, one for operators and one for maintenance for 8 people. Training classes and materials will be provided in English. A training syllabus will be provided 30 days before training is due to commence.

Operator Training

Each system, i.e. Aircraft, receive site, master, ENG truck, will have operator training for up to 8 weeks total. Basic microwave theory will be presented during the training to ensure operators understand the operating parameters of the system. Then, specific training on equipment set up, operation and interaction with other systems will be provided. Training will consist of both classroom and "in the field" operational use.

Maintenance Training

Maintenance personnel are expected to attend the operator training to understand the operation of the system. In addition, up to six weeks training will be given on how to test the various systems and identify faults and corrective action required. Repair will consist of replacing defective LRU's.

Basic Software Training

Basic Software Training shall be conducted to familiarize the operators with basic computer system and software operation in the amount of DRHM 100,000.

Master Control Room Training

Training will be conducted to ensure optimum operation and maintenance of Master Control Room, after the proper system and software training.

50-49

*** Confidential material redacted and submitted separately to the Commission

Contract: DP3/3/27/20/10/2/3/2003/4

CONFIDENTIAL TREATMENT REQUESTED - REDACTED COPY
CONFIDENTIAL TREATMENT REQUESTED: INFORMATION FOR WHICH CONFIDENTIAL TREATMENT
HAS BEEN REQUESTED IS OMITTED AND NOTED WITH "****." AN UNREDACTED VERSION OF
THIS DOCUMENT HAS BEEN SUBMITTED SEPARATELY TO THE SECURITIES AND EXCHANGE
COMMISSION.

INTEL CORPORATION PURCHASE AGREEMENT -
CAPITAL EQUIPMENT AND SERVICES

AGREEMENT NUMBER: C-57066
EFFECTIVE DATE: OCT 1, 2004
CNDA #: 19156

BUYER:

Intel Corporation (and all divisions and wholly-owned subsidiaries, hereinafter
"BUYER" OR "INTEL").
5000 West Chandler Blvd.
Chandler, AZ 85226

SELLER:

Delta Design, Inc. (hereinafter "SELLER").
12367 Crosthwaite Circle
Poway, CA 92064-6817

- ADDENDA ATTACHED HERETO AND [X] General Terms and Conditions of Purchase Agreement -
- INCORPORATED HEREIN BY REFERENCE [X] Capital Equipment and Services (MARK "X" WHERE APPLICABLE):
- [X] A Additional Terms and Conditions Applicable to all Equipment Models, Spare Parts, and Services
- [X] B Alcohol and Drug Free Workplace Directive
- [X] C Protection of Buyer's Information Assets
- [X] D Equipment Specific Terms and Conditions
- [X] E Training and Documentation Requirements
- [X] F Additional Software Terms and Conditions
- [X] G Pricing for Services and Training
- [X] H Third Party Technology Escrow
- [X] I Spare Parts Consigned Inventory Program
- [X] J FSE Curriculum Summary
- [X] K Supplemental Provisions
- [X] L Limitation of Liability

During the term of this Agreement and any extension thereto, Buyer may purchase and Seller shall accept all Releases for Items and Services in accordance with the prices and the terms and conditions contained in this Agreement. Any and all Releases, as may be issued by the Buyer, shall reference this Agreement and be governed solely by the terms and conditions of this Agreement notwithstanding any preprinted terms and conditions on Seller's acknowledgment or Buyer's Release. Any additional or different terms as may be contained in Seller's documents are hereby deemed to be material alterations, and Buyer hereby gives notice of objection to and rejection of such material alterations.

INTEL CORPORATION

SELLER

Signed: -----
By: Stacy Song

Title: Commodity Manager

Date: -----

Signed: -----
By: Bob Williams

Title: Account Manager

Date: -----

GENERAL TERMS AND CONDITIONS OF PURCHASE AGREEMENT - CAPITAL EQUIPMENT AND SERVICES

1. DEFINITIONS.

- A. "CONSUMABLE" means a Spare Part whose life expectancy and mode of failure is known or predictable during the normal operation of the Equipment and that should meet the normal attributes of schedulable and predictable demand and life expectancy of less than three (3) months with the exception of heat sinks.
- B. "CUSTOM ITEMS" mean those Items manufactured by Seller for sale exclusively to Buyer for which a minimum of twenty-five percent (25%) of Seller's cost pertaining to the Items is directly attributable to the customization for Buyer as set forth in the Purchase Spec.
- C. "CONSIGNMENT" means any spare part owned by the Seller which Buyer chooses to hold on-site, or Seller holds off-site, at Buyer's discretion, to help Seller meet the Equipment availability requirements or productivity as defined in the Purchase Spec.
- D. "Component" means any library, tool, class, etc. to support calibration, diagnostics, configuration, classes, development programming syntax, pattern management, STL, SECS/GEM libraries, etc.
- E. "Documentation" means any and all user documentation and training materials necessary to instruct Buyer in the proper installation, use and operation of the Software and Items or Items which accompany either Software or Items.
- F. "EQUIPMENT" means whole systems that produce the required output per the applicable Equipment configuration and system performance specifications set forth in the Purchase Spec for each Equipment model or as otherwise agreed in writing by the parties.
- G. "FACILITIZATION" means placement and rough hook-up of electrical, gas, and vacuum utilities to the Items.
- H. "FORECAST(S)" means the quantity of Items or Services that Buyer reasonably anticipates it may purchase during a specified time.
- I. "HAZARDOUS MATERIALS" mean dangerous goods, chemicals, contaminants, substances, pollutants or any other materials that are defined as hazardous by relevant local, state, national, or international law, regulations and standards.
- J. "ITEMS" means either singly or collectively, as the context indicates: Equipment; Equipment components; software; hardware; Spare Parts; upgrades, retrofits, modifications (including all beta releases), and enhancements to any of the foregoing purchased separately; or other goods which Seller is to sell to Buyer as set forth in this Agreement.
- K. "LEAD-TIME" means the agreed number of calendar weeks or days from the date a Release is issued for an Item to the date the Item is to be shipped by the Seller.
- L. "NON-CONSUMABLE" means a Spare Parts that is not replaced routinely and has an unpredictable life expectancy and that is typically replaced or repaired due to failures or deteriorating performance (quality and output).
- M. "OTD" or "ON-TIME DELIVERY" means a percentage computed for each Buyer site for each (Buyer work week calendar) month equal to: the number of Releases for Items received by such

site which are (i) complete and (ii) delivered to the FCA point by the date specified, divided by the total number of Releases received by such site.

- N. "PURCHASE SPEC" means the agreed Equipment Purchase Specification as set forth in Addendum D for each Equipment model purchased or to be purchased pursuant to this Agreement.
- O. "RELEASE" means Buyer's purchase order or change order to ship a definite quantity of Items or to provide Services to a specified schedule.
- P. "SERVICES" means the work to be performed by Seller including, but not limited to: installation, process qualification, maintenance, warranty repair, service call, continuous improvement, Equipment upgrades/modification, and extended service contracts as set forth in Addendum A and/or any Buyer factory specific Scope Of Work ("Scope of Work" or "SOW").
- Q. "Software" means any Component and/or firmware provided with, embedded in or that is necessary, required or normally provided by the Seller for the use and/or operation of Items, in object and/or Source Code form.
- R. "SPARE PART(S)" mean Consumable and/or Non-Consumable Items that are used as a means to maintain, sustain, or otherwise enable Equipment to meet or exceed its performance, availability and production requirements.

2. TERM OF AGREEMENT.

- A. This Agreement shall be effective for ***) years from the Effective Date.
- B. At Buyer's option, Items for which a Release has been issued prior the expiration of this Agreement may be scheduled for delivery up to six (6) months following such expiration or for such longer period as may be required to complete delivery.

3. PRICING.

- A. Prices for Items, Training and Services set forth herein shall remain fixed for the duration of this Agreement unless agreed otherwise in writing by the parties.
- B. Throughout the term of this Agreement and any extensions thereto, Seller warrants to Buyer that the prices set forth in this Agreement or any addendum, in conjunction with the discounts offered herein for any Item or equivalent Service, reflect the Seller's lowest price charged any customer of Seller for that Item or equivalent Service regardless of any special terms, conditions, rebates or allowances of any nature. If Seller sells any Item or provides equivalent Service to any other customer, at a price less than the price set forth in this Agreement or any addendum, Seller shall adjust its price to the lower price for all future invoices for such Item or Service and rebate to Buyer an amount equal to the difference in the price paid by Buyer and the lower price for any invoices already paid by Buyer for such Item or Service. In addition, Buyer may adjust the prices for any Item or Service invoiced by Seller and unpaid by Buyer to reflect the lower price. Each of the above adjustments and the rebate shall be calculated from the date the Seller first sells the Item or Service at the lower price. In the event the Seller offers a lower price either as a general price drop or to specific customer(s) for any reason, Seller shall immediately notify Buyer of this price and adjust Buyer's pricing to meet the new pricing structure.
- C. Buyer reserves the right to have Seller's records inspected and audited to ensure compliance with this Agreement. At Buyer's option, or upon Seller's written request, such audit will be performed by an independent third party at Buyer's choice and expense. The audit will assume all Items sold under this Agreement are standard Items unless otherwise specified in this Agreement.
 - (i) Seller shall have the option to review the auditor's report prior to the release of such report to Buyer. If Seller disagrees with the auditor's report for any reason, Seller shall have the right to issue a letter in response, which will be included with the auditor's report to the Buyer.
 - (ii) If discrepancies are found during the audit and price adjustments are required to be paid by the Seller to the Buyer, Seller shall reimburse Buyer for all costs associated with the audit, along with a single payment covering the price adjustments within thirty (30) days after the completion of the audit. The results of such audit shall be kept confidential by the auditor and, if conducted by a third party, only Seller's failures to abide by the obligations of this Agreement shall be reported to Buyer.
- D. All applicable taxes, including but not limited to sales/use taxes, transaction privilege taxes, gross receipts taxes, and other charges such as duties, customs, tariffs, imposts, and government imposed surcharges shall be stated separately on Seller's invoice. Seller shall remit all such charges to the appropriate tax authority unless Buyer provides sufficient proof of tax exemption.

(i) In the event that Buyer is prohibited by law from making payments to the Seller unless Buyer deducts or withholds taxes therefrom and remits such taxes to the local taxing jurisdiction, then Buyer shall duly withhold such taxes and shall pay to the Seller the remaining net amount after the taxes have been withheld. Buyer shall not reimburse Seller for the amount of such taxes withheld. When property is delivered and/or services are provided or the benefit of services occurs within jurisdictions in which Seller collection and remittance of taxes is required by law, Seller shall have sole responsibility for payment of said taxes to the appropriate tax authorities. In the event Seller does not collect tax from Buyer, and is subsequently audited by any tax authority, liability of Buyer will be limited to the tax assessment, with no reimbursement for penalty or interest charges. Each party is responsible for its own respective income taxes or taxes based upon gross revenues, including but not limited to business and occupation taxes.

(ii) To the extent this Agreement includes transfers of licenses for software to be used in Web-based E-Commerce and/or E-Business solutions, or Web-related service fees, including but not limited to hosting fees, data and/or storage fees, and application services, and such services are determined to be taxable or to become taxable at some future point in time, Seller will collect such taxes as determined to be due from Buyer, or Buyer's resellers if applicable, and will remit same to the appropriate taxing jurisdictions. In the case of taxes imposed on the gross revenues resulting from the provision of said services, Seller will remit such taxes to the taxing jurisdiction before any deduction for Buyer's share of any business service fees. Seller will separately invoice and state separately thereon each type of service and applicable taxes provided under the Agreement.

E. Additional costs, except those provided for herein or specified in a Release, will not be reimbursed without Buyer's prior written approval. No services will be rendered prior to the receipt of a purchase order.

F. All prices are in U.S. dollars.

G. Seller shall provide annual and quarterly audited financial statements and independent auditors' opinion to Buyer in accordance with securities regulations or within three (3) months of the period closing date if Seller is a private company. If applicable, these statements must include details on the semiconductor equipment division/subsidiary, and a signed management letter, which states that the financial statements are in conformity with generally accepted accounting principles

4. INVOICING AND PAYMENT.

A. Prompt payment discounts will be computed from the latest of: (i) the scheduled delivery date; (ii) the date of actual ship date; or (iii) the date a properly filled out original invoice or packing list is received. Payment is made when Buyer's check is mailed or EDI funds transfer initiated.

B. Original hard-copy invoices shall be mailed or delivered by U.S. Mail. Invoices shall include: Purchase Agreement number from the Release, purchase order number, line item number, Release number, part number, complete bill to address, description of Items, quantities, Buyer part number, listing of and dates of Services provided, unit prices and extended totals in U.S. dollars. Payment of an invoice shall not constitute acceptance of the Item or Service.

C. Seller shall be fully responsible for, indemnify and hold Buyer harmless from any and all payments to its vendors or subcontractors utilized in the performance of Services.

- D. On each Equipment model that Buyer purchases for the first time, payment shall be *** days computed from date of shipment *** days computed from date of final acceptance. On all subsequent Equipment purchases, payments shall be *** computed from date of shipment *** days computed from date of final acceptance. If final acceptance of the Equipment is delayed beyond *** days from the date of shipment due to no fault of the Seller, Buyer will pay the balance of *** days from the date of shipment. Payment of invoices on all Equipment shall be *** days. For payments computed from date of shipment, Buyer may, at its option, make payment within *** days and receive a *** discount from the total invoice.
- E. Payments on Equipment upgrades requiring acceptance certificates will be subject to the percentage payment breakouts described in D. above.
- F. Payment of invoices on all Items and Services except Equipment shall be *** days.
- G. Seller shall be fully responsible for, indemnify and hold Buyer harmless from any and all payments to its vendors or subcontractors utilized in the performance of Services.

5. TERMINATION FOR CONVENIENCE.

- A. Buyer may terminate any Release placed hereunder, in whole or in part, at any time for its sole convenience by giving written notice of termination to Seller. Upon Seller's receipt of such notice, Seller shall, unless otherwise specified in such notice, immediately stop all work hereunder, give prompt written notice to and cause all of its vendors or subcontractors to cease all related work and, at the request of Buyer, return any materials provided to Seller by Buyer.
- B. There shall be no charges for termination of orders for standard Items or for Services not yet provided. Buyer will be responsible for ***. Paragraphs C through E of this Section 5 shall govern Buyer's payment obligation for Custom Items. Notwithstanding anything to the contrary, Seller shall not be compensated in any way for any work done after receipt of Buyer's notice, nor for any costs incurred by Seller's vendors or subcontractors after Seller receives the notice *** working days for proliferation to subcontractors or vendors), nor for any costs Seller could reasonably have avoided, nor for any indirect overhead and administrative charges or profit of Seller.
- C. Any claim for termination charges for Custom Items must be submitted to Buyer in writing within *** days after receipt of Buyer's termination notice along with a summary of all mitigation efforts.
- D. Seller's claim may include the net cost of Custom Items work in process scheduled to be delivered within *** days and which must be scrapped due to the cancellation. Seller shall, wherever possible, place such custom work in process in its inventory and sell it to other customers. Claim shall be limited to the percent of lead-time reference in Addendum A per schedule below.

*** of the lead-time remains prior to scheduled delivery date in the release of Equipment.*** and *** of the lead-time remains prior to scheduled delivery date in the release of the Equipment.*** of the lead-time remains prior to the scheduled delivery date in the release of the Equipment.

Upon payment of Seller's claim, Buyer shall be entitled to all such work and materials paid for.
- E. Before assuming any payment obligation under this section, Buyer may inspect Seller's work in process and audit all relevant documents prior to paying Seller's invoice.
- F. Notwithstanding anything else in this Agreement, the failure to meet the delivery date(s) in the Release shall be considered a material breach and shall allow Buyer to terminate the order for

the Item and/or any subsequent Releases without any liability whether the Release was for standard or Custom Items.

6. CONTINGENCIES.

Neither party shall be responsible for its failure to perform due to causes beyond its reasonable control such as acts of God, fire, theft, war, riot, embargoes or acts of civil or military authorities. If delivery of Items or the performance of Services is to be delayed by such contingencies, Seller shall immediately notify Buyer in writing. If the delay is greater than thirty (30) days from the date of the notice, Buyer will have the option, in its sole discretion, to either (i) extend time of delivery or performance, or (ii) terminate the uncompleted portion of the order at no cost of any nature to Buyer.

7. DELIVERY, RELEASES AND SCHEDULING.

- A. Any Forecasts provided by Buyer are for planning purposes only and do not constitute a Release or other commitment by Buyer. Buyer shall have no obligation to and may, at its sole discretion, issue Releases under this Agreement. Buyer shall be responsible only for Items or Services for which it has issued Releases hereunder.
- B. Seller shall notify Buyer's purchasing agent, (as noted on the Release), within twenty-four (24) hours if Seller is unable to make any scheduled delivery of Items or perform Services as scheduled and state the reasons. Such notification by Seller shall not affect Buyer's termination rights under Section 5.
- C. Buyer may place any portion of a Release on hold by notice that will take effect immediately upon receipt. Releases placed on hold will be rescheduled or cancelled within *** days. Any Release cancelled shall be subject to the terms and conditions of Section 5.
- D. Seller will give Buyer most-favored customer lead-time as specified in Addendum D for each Equipment model.
- F. Seller agrees that all Items will be delivered ready for shipment to the FCA point on the exact date specified in the Release ("Ship Date"). Late deliveries of any Items except Spare parts (as measured by adherence to the Ship Date on the most recent Release or contractual committed lead-time, whichever is earlier) will result in, at Buyer's option, a price reduction (or debit to Seller's account) on such late Items *** for each calendar day late with a cap of ***. In addition, Seller shall deliver, at its sole cost and expense, any late shipment of Items by expedited freight as instructed to Buyer's site. If Seller is unable to commit to the lead-times as defined in the Equipment Specific Terms and Conditions, the price reduction for late deliveries shall apply to the earlier of the committed Ship Date or the lead-time date calculated in accordance with Equipment Specific Terms and Conditions. Early deliveries (> *** days) of Items (as measured by adherence to the Ship Date on the most recent Release) will result in a price reduction of *** for each calendar day that an Item is delivered early. Partial deliveries are counted as late shipments and will only be considered complete when all Items, (and other Spare parts required to install and qualify Equipment, if applicable) have been shipped. Equipment shipments will not be considered complete until the Environmental Health and Safety documentation outlined in Sections 1.14 and 1.16 has been completed and provided to Buyer. Buyer shall have the option to terminate the Release, in whole or in part, with no cancellation charge for any Equipment not delivered to FCA point on the Ship Date. Seller will be responsible for mutually agreed costs incurred by Buyer in obtaining cover in the event of such termination.

- G. Seller agrees to reserve production capacity equal to Buyer's delivery Forecasts until the contractual lead-time established in Addendum D or as otherwise agreed in writing by the parties. Thirty (30) days prior to the contractual leadtime, Seller shall submit written notification of its intent to allocate such capacity to other customers. Such capacity must either be taken or released by Buyer within thirty (30) days of the written notification.
- H. Beginning the effective date of the contract and for the remaining term of this Agreement, Seller will notify Buyer of Seller's capacity 9 months in advance. At Buyer's discretion, Seller will make available up to *** of annual forecasts of equipment purchases (as measured in units of equipment, and rounded up) for shipment within *** of contractual lead-time (rounded up to the next week) of Release date. This provision may be applied once every *** days for each type/configuration of equipment for which Buyer has provided a forecast. No penalty will be assessed for allocated equipment not purchased.
- I. Seller will, as required by Buyer, participate in Buyer's forecasting process, and Buyer will supply a rolling Forecast of required delivery dates to the Seller at such times and for such periods as may be determined by Buyer.
- J. Configuration and other Buyer-requested or Buyer-approved changes that result in Ship Date changes will be reflected on a change order to the Release showing the revised ship and delivery dates subject to Section 7F.
- K. Seller will notify Buyer in writing of the planned obsolescence of any Item or part revision and will make that Item available to the Buyer for a minimum of *** days after the notice, during which time Buyer will have the option to place a final Release for such Items for delivery after the ***day notice. Buyer may return obsolete Items within *** days after written notification of part revision or obsolescence, at no cost. No credit will be allowed for any parts that are obsoleted by Buyer that met original purchase specification requirements for tools. If any warranty return claims are made for such discontinued Items, then such returns will be subject to the warranty provisions in Section 8.

8. ACCEPTANCE AND WARRANTIES.

A. All Items purchased by Buyer are subject to inspection and test (source inspection) before being allowed to ship from Seller's factory. Source inspection requirements are described in the Purchase Spec unless agreed otherwise in writing by the parties. Seller shall be responsible for source inspections and shall provide Buyer with written certification that Items tested have passed source inspection and comply in all respects with the requirements described in the Purchase Spec. Buyer may participate, as it deems necessary, in source inspections. If any inspection or test is made on Seller's premises, Seller shall provide Buyer with reasonable facilities and assistance at no additional charge.

(i) Notwithstanding any source inspection or testing at Seller's premises, all Items purchased by Buyer are subject to Buyer's inspection and test (qualification) before final acceptance at Buyer's premises. Final acceptance requirements are described in the Purchase Spec unless agreed otherwise in writing by the parties. Items, other than Equipment, rejected by Buyer as not conforming to the Purchase Spec may be returned to Seller at Seller's risk and expense and, at Buyer's option, such Item shall be immediately repaired or replaced

(ii) If Equipment does not pass final acceptance criteria, due to no fault of Buyer, within *** days of delivery, then Buyer will give written or verbal notice to Seller of failure to meet final acceptance criteria on time. If Equipment does not meet final acceptance criteria within ***days of such notice, Buyer may, at Buyer's option; (a) return the Equipment for *** or (b) have the Equipment replaced with new Equipment within ***) percent of the equipment LT of Buyer's written election of option, or (c) initiate Buyer's escalation procedures per part 3 (Services) section 7 (escalation) of Addendum A.

(iii) Acceptance and/or inspection by Buyer shall in no event constitute a waiver of Buyer's rights and remedies with regard to any subsequently discovered defect or nonconformity.

B. Seller warrants to Buyer that all Items provided by Seller for delivery hereunder shall conform in all respects to the Purchase Spec; be free from defects in material and workmanship and be new, of the grade and quality specified.

(i) If an Item delivered hereunder does not comply with any of the above warranties, Buyer shall notify Seller as soon as practicable and at Buyer's option, Seller shall repair or replace the defective Item, at its sole cost and expense, or refund the purchase price. Seller shall also be responsible for and pay the cost of shipping of all Items not conforming to the warranties and will bear the risk of loss of such Items while in transit and any other costs reasonably associated with a nonconforming Item, such as, the cost to deinstall the Item. ***

(ii) The warranty period for Equipment shall apply for *** years for legacy and ***years for new development (both Spare Parts and Service) starting from the date the tool meets key performance indicator metrics as defined by Buyer in Appendix D of the respective purchase specification. The warranty for additional Service, Equipment conversion kits, Equipment upgrades or Equipment modifications shall apply for ***year from the date of installation of the Item or for the Item's remaining warranty period, whichever is longer. The warranty for additional Spare Parts shall apply for *** year for non-consumables beginning from the date of installation and *** from date of receipt for consumables. Seller shall work according to SOW for warranties. Seller shall perform warranty work twenty-four (24) hours per day, seven (7) days per week. Seller will offer and Buyer may purchase additional periods of warranty.

(iii) In conjunction with the warranty period, Seller shall perform all preventative maintenance on a mutually agreeable schedule.

(iv) At Buyer's option the labor value of the warranty, or the purchase price of an extended warranty (if purchased with the Equipment), can be credited against a Service contract prior to the end of the warranty period. All warranty terms will continue to apply throughout the term of any Service contract or extended warranty period.

(v) Seller shall send Buyer notices at one hundred eighty (180) days and sixty (60) days prior to the warranty expiration date for an Item explaining the extended warranty options and costs.

- C. Seller further warrants that all Items furnished hereunder will not infringe any third party's intellectual property rights, and that Seller has the necessary right, title, and interest to provide said Items and Services to Buyer free of liens and encumbrances.
- D. All of the above warranties shall survive any delivery, inspection, acceptance, payment, or reuse of the Items within Intel.
- E. Seller warrants that all Services provided shall be performed in accordance with good workmanlike standards and shall meet the descriptions and specifications provided on Addendum A or a SOW. Seller shall guarantee workmanship for ***after Services are provided unless agreed otherwise in writing by the parties. Seller shall promptly correct any non-conforming or defective workmanship at no additional cost to Buyer.

9. PURCHASE SPECIFICATIONS, IDENTIFICATION AND ERRATA.

- A. Seller shall not modify the purchase specifications for any Item or Services without the prior written approval of the Buyer.
- B. Seller shall cooperate with Buyer to provide configuration control and traceability systems for Items and Services supplied hereunder.
- C. Seller shall provide Buyer with an errata list for each Item and shall promptly notify Buyer in writing of any new errata with respect to the Items.

10. PACKING AND SHIPMENT.

- A. All Items shall be prepared for shipment in a manner which: (i) follows good commercial practice, (ii) is acceptable by common carriers for shipment at the lowest rate, and (iii) is adequate to ensure safe arrival. If Buyer requests, Seller will package Items for cleanroom delivery, per Buyer specification. Seller shall mark all containers with necessary lifting, handling, unpacking and shipping information, Release number, Buyer's Item Identification number or part number, description, Line item number, date of shipment and the names of the Buyer and Seller. Cleanroom delivery packaging and marking containers with necessary lifting, handling, unpacking are billable items and will be negotiated upon request.
- B. All Items Equipment shall be shipped Free Carrier, Seller's Dock (FCA: Seller's Dock, Incoterms 2000)*** Buyer shall notify Seller of the method of shipment. If no instructions are given, Seller shall select the most cost effective carrier based upon Buyer's required delivery date. Title and risk of loss to Items shall pass to Buyer upon delivery to the FCA point.

11. OWNERSHIP AND BAILMENT RESPONSIBILITIES.

- A. Any specifications, drawings, schematics, technical information, data, tools, dies, patterns, masks, gauges, test equipment and other materials furnished to Seller or paid for by Buyer shall

(i) remain or become Buyer's property, (ii) be used by Seller exclusively for Buyer's orders, (iii) be clearly marked as Buyer's property, (iv) be segregated when not in use, (v) be kept in good working condition at Seller's expense, and (vi) be shipped to Buyer promptly on Buyer's demand or upon termination or expiration of this Agreement, whichever occurs first. Any such property furnished by Buyer to Seller that is marked or otherwise noted by Buyer as being confidential information will be treated by Seller in accordance with Section 12 hereafter.

B. Seller shall be liable for any loss of or damage to Buyer's property while in Seller's possession or control, ordinary wear and tear excepted.

12. CONFIDENTIALITY AND PUBLICITY.

A. During the course of this Agreement, either party may have or may be provided access to the other's confidential information and materials. Provided information and materials are marked in a manner reasonably intended to make the recipient aware, or the recipient is sent written notice within forty-eight (48) hours of disclosure, that the information and materials are "Confidential", each party agrees to maintain such information in accordance with the terms of this Agreement and the CNDA referenced on the signature page of this Agreement and any other applicable separate nondisclosure agreement between Buyer and Seller. At a minimum each party agrees to maintain such information in confidence and limit disclosure on a need to know basis, to take all reasonable precautions to prevent unauthorized disclosure, and to treat such information as it treats its own information of a similar nature, until the information becomes rightfully available to the public through no fault of the non-disclosing party. Seller's employees who access Buyer's facilities may be required to sign a separate access agreement prior to admittance to Buyer's facilities. Furthermore, Seller will furnish a copy of Addendum C to each of its employees, agents and subcontractors who perform work or Services on Buyer's premises or facilities or otherwise has access to Buyer's classified and proprietary information, networks or software, and will take reasonable steps to assure Buyer that all such have read and understood Addendum C. Seller shall not use any of the confidential information created for Buyer other than for Buyer.

B. If access is necessary and directly related to Seller's scope of work or duties, Seller's employees, agents or subcontractors may be granted authorization to use or access Intel information, software, or telecommunications by Buyer's information owner. Unless specifically authorized, Seller, its employees, agents or subcontractors may not use or access Intel classified or proprietary information that may be happened upon or inadvertently discovered while performing work under this Agreement. Neither may Seller, its employees, agents or subcontractors control an Intranet web site at Intel. Without limiting the obligations contained in Paragraph A above, if Seller's employees, agents or subcontractors perform work or Services on Buyer's premises or facilities or otherwise have access to Intel's classified and proprietary information, (regardless of the medium (Buyer's or Seller's) in or on which it is retained or communicated), software, or Buyer's computer networks or systems, (including, but not limited to, NT, Novell, Pathworks, VAX, Unix, omets, Workstream, IWCS, and IBM computer systems, application programs, and databases), Seller shall ensure that any such employee, agent, or subcontractor shall not modify such classified or proprietary information, software, hardware, or telecommunications without the prior written consent of the Buyer employee responsible for the resource, with the exception of contract-related requirements or resources that allow for individual customization (e.g., Microsoft Windows user features). For Seller's employees, agents or subcontractors who are granted access Buyer's computer networks or systems, as referenced above, Seller shall also ensure that any such employees, agents, or subcontractors shall treat all Intel data and information accessed from such system(s) in the same manner as Intel's confidential information designated in paragraph A above. In addition, Seller, its employees, agents, or subcontractors may not: (i) use or disclose for any purpose any aspect or portion of third party data or information which it may access from Buyer's premises, computers,

or electronic networks unless it first obtains the third party's written consent; or (ii) make electronic or hard copies of Intel's information extracted from Buyer's computer system(s) confidential information or obtained in other forms on Buyer's premises, unless it clearly marked and treated as Intel's confidential information. Except with Buyer's prior written consent, no such copies may be removed from, transmitted out of, Buyer's facility or networks or given to Seller's other employees or representatives except those employees or representatives within Buyer's facility with a need to know

- C. Neither party may use the other party's name in advertisements, news releases, publicity statements, financial statement filings (unless in areas specifically required to meet General Accepted Accounting Principles (GAAP) or Securities Exchange Commission (SEC) filing requirements or disclose the existence of this Agreement, nor any of its details or the existence of the relationship created by this Agreement, to any third party without the specific, written consent of the other. If disclosure of this Agreement or any of the terms hereof is required by applicable law, rule, or regulation, or is compelled by a court or governmental agency, authority, or body: (i) the parties shall use all legitimate and legal means available to minimize the disclosure to third parties of the content of the Agreement, including without limitation seeking a confidential treatment request or protective order; (ii) the disclosing party shall inform the other party at least ten (10) business days in advance of the disclosure; and (iii) the disclosing party shall give the other party a reasonable opportunity to review and comment upon the disclosure, and any request for confidential treatment or a protective order pertaining thereto, prior to making such disclosure. The parties may disclose this Agreement in confidence to their respective legal counsel, accountants, bankers, and financing sources as necessary in connection with obtaining services from such third parties. The obligations stated in this section shall survive the expiration or termination of this Agreement.
- D. Neither party may use the other party's name or trademarks in advertisements, brochures, banners, letterhead, business cards, reference lists, or similar advertisements without the other's written consent.

13. INTELLECTUAL PROPERTY INDEMNITY.

- A. Seller shall indemnify and hold Buyer and its customers harmless from any and all costs, expenses (including reasonably attorneys' fees), losses, damages or liabilities incurred because of actual or alleged infringement of any patent, copyright, trade secret, trademark, maskwork or other intellectual right arising out of the use or sale by Buyer or Buyer's customers of Items or Buyer's products manufactured using the Item(s). Buyer shall notify Seller of such claim or demand and shall permit Seller to participate in the defense or settlement thereof.
- B. If an injunction issues as a result of any claim or action, Seller agrees, at its sole cost and expense, and Buyer's option to either: (i) procure for Buyer the right to continue using Items, (ii) replace the Items with non-infringing Items or (iii) modify the Items so they become non-infringing. If, despite Seller's best efforts, none of the foregoing options are available, Buyer may at its option return the Item at Seller's sole cost and expense, and Seller shall refund to Buyer the purchase price of the Item.
- C. Seller's obligations pursuant to this Section 13 shall not apply where: (i) custom Items are manufactured to Buyer's detailed design and such design is the cause of the claim; or (ii) Items are used in combination with Equipment, software or other products not supplied, required or recommended by Seller and such infringement would not have occurred but for such combination.
- D. THE FOREGOING STATES THE ENTIRE OBLIGATIONS AND REMEDIES FLOWING BETWEEN BUYER AND SELLER ARISING FROM ANY INTELLECTUAL PROPERTY CLAIM BY A THIRD PARTY.

14 SUPPLY LINE PROTECTION

Seller's sole remedy for any infringement of Seller's patents arising from products or services (hereafter "infringing products") used by Buyer in the manufacture, testing or assembling of Buyer's products shall be compensatory damages, which Seller will seek solely from the manufacturer(s) and/or distributor(s) of such infringing products. Nothing in this Section shall prevent Seller from seeking an injunction against infringing products not used by or for Buyer in the manufacture, testing or assembling of Buyer's products.

15. HAZARDOUS MATERIALS.

- A. If Items or Services provided hereunder include Hazardous Materials, Seller represents and warrants that Seller and its employees, agents, and subcontractors providing Services to Buyer understand the nature of and hazards associated with the handling, transportation, and use of such Hazardous Materials, as applicable to Seller.
- B. Prior to causing Hazardous Materials to be on Buyer's premises, Seller shall provide Buyer with Material Safety Data Sheets (MSDS) and any other documentation reasonably necessary to enable Buyer to comply with the applicable laws and regulations, and obtain written approval from Buyer's Site Environmental, Health, and Safety (EHS) organization. Buyer will not grant approval without Seller's agreement to comply with Buyer's Hazardous Materials management requirements.
- C. Seller will be fully responsible for, defend, indemnify and hold Buyer harmless from any claim or liability arising in connection with (1) providing such Hazardous Materials to Buyer, or (2) the use of such Hazardous Materials by Seller, its agents or subcontractors in providing Services to Buyer.
- D. Seller hereby certifies that Items supplied to Buyer do not "contain" any Class I ozone-depleting substances, as those terms are defined by law. Seller hereby certifies that Items supplied to Buyer comply with all applicable requirements of Buyer's Environmental Product Content Specification for Suppliers and Outsourced Manufacturers (available at <http://supplier.intel.com/ehs/environmental.htm>).
- E. Seller hereby certifies that Items supplied to Buyer do not "contain" any Class I ozone depleting substances, as those terms are defined by law.
- F. Except as provided hereafter, Items returned to Seller by Buyer will be decontaminated from Hazardous Materials to the degree practical, reasonable, and as required by applicable law or regulation. Upon request, Buyer shall provide appropriate documentation to Seller that the returned Items have been decontaminated. If Seller is financially responsible for shipping the return Items, Seller will be responsible for their decontamination, and Buyer shall make Buyer's facilities available to Seller for the decontamination.

16. CUSTOMS CLEARANCE.

Upon Buyer's request, Seller will promptly provide Buyer with a statement of origin for all Items and with applicable customs documentation for Items wholly or partially manufactured outside of the country of import.

17. COMPLIANCE WITH LAWS AND RULES

- A. Throughout the term of this Agreement and any extension thereto, Seller shall comply, at its sole cost and expense, with all applicable statutes, regulations, rules, ordinances, codes and standards

(Laws) governing the manufacture, transportation, import, export or sale of Items or the performance of Services covered by this Agreement anywhere in the world. Without limiting the foregoing, in the United States (U.S.) this includes all applicable commerce, environmental, occupational safety, transportation and securities Laws and all employment and labor and immigration Laws governing Seller's personnel providing Services to Buyer. Neither Seller nor any of its subsidiaries will export/re-export any technical data, process, product, or service, directly or indirectly, to any country for which the United States government or any agency thereof requires an export license or other government approval without first obtaining such license. In addition, Seller agrees not to provide foreign nationals from controlled countries as employees or contractors for work on any Buyer site..

- B. While on Buyer's premises or performing Services, Seller, its employees, agents and subcontractors agrees to abide by all Buyer's rules and regulations that are provided to the Seller in writing; posted conspicuously or easily observed while on Buyer's premises or customarily followed or known by third party invitee, including, but not limited to security, health, safety, environmental and hazardous material management rules and rules prohibiting the use of physical aggression against persons or property, harassment and theft.
- C. Unless exempted or inapplicable, Seller represents and agrees that it is in compliance with U.S. Executive Order 11246 and implementing Employment Opportunity regulations, the Vietnam Era Veterans' Readjustment Assistance Act as amended by the Veterans Employment Opportunities Act of 1998 (to include: Vietnam-era Veterans and other Veterans who served on active duty during a war or campaign or expedition for which a campaign badge has been authorized), and the Immigration Reform and Control Act of 1986. Seller shall comply with all applicable laws regarding employment of underage or child labor and shall not employ children under the age of 16.

18. INSURANCE.

- A. Without limiting or qualifying Seller's liabilities, obligations or indemnities otherwise assumed by Seller pursuant to this Agreement, Seller shall maintain, at its sole cost and expense, with companies acceptable to Buyer, Commercial General Liability and Automobile Liability Insurance with limits of liability not less than \$1,000,000.00 per occurrence and including liability coverage for bodily injury or property damage (1) assumed in a contract or agreement pertaining to Seller's business and (2) arising out of Seller's product, Services or work. Seller's insurance shall be primary, and any applicable insurance maintained by Buyer shall be excess and non-contributing. The above coverages shall name Buyer as additional insured, and shall contain a severability of interest clause.
- B. Seller shall also maintain statutory Workers' Compensation coverage, including a Broad Form All States Endorsement in the amount required by law, and Employers' Liability Insurance in the amount of \$1,000,000.00 per occurrence. Such insurance shall include an insurer's waiver of subrogation in favor of Buyer.
- C. If Seller is providing any professional service to Buyer, Seller shall maintain Professional Liability Insurance (including errors and omissions coverage) with liability limits not less than \$1,000,000.00.
- D. Seller shall provide Buyer with properly executed Certificate(s) of Insurance prior to commencement of any operation hereunder and shall notify Buyer, no less than 30 days in advance, of any reduction or cancellation of the above coverages. Such certificates shall be sent to the attention of Buyer's Commodity Manager at the address forth in the Notices section of this Agreement

19. GENERAL INDEMNIFICATION.

Seller agrees to protect, defend, indemnify and hold Buyer harmless from and against any and all claims, liabilities, demands, penalties, forfeitures, suits, judgments and the associated costs and expenses (including reasonable attorney's fees), which Buyer may hereafter incur, become responsible for or pay out as a result of death bodily injury to any person, destruction or damage to any property, contamination of or adverse effects on the environment and any clean up costs in connection therewith, or any violation of governmental law, regulation, or orders, caused, in whole or in part, by (a) Seller's breach of any term or provision of this Agreement, (b) any negligent or willful acts, errors or omissions by Seller, its employees, officers, agents, representatives or sub-contractors in the performance of Services under this Agreement; or (c) dangerously defective Items.

20. RETENTION AND AUDITS

Seller will maintain complete and accurate records of the billable Services performed under this Agreement for a period of three (3) years after the completion of these Services. Records relating to the performance of this Agreement shall be made available to Buyer upon reasonable notice.

21. INDEPENDENT CONTRACTOR

In performing Services under this Agreement, Seller shall be deemed an independent contractor. Its personnel and other representatives shall not be deemed agents or employees of Buyer. As an independent contractor, Seller will be solely responsible for determining the means and methods for performing the required Services. Seller shall have complete charge and responsibility for personnel employed by Seller. However, Buyer reserves the right to instruct Seller to remove from Buyer's premises immediately any of Seller's personnel who are in breach of Section 16 or 21 of this Agreement. Such removal shall not affect Seller's obligation to provide Services under this Agreement.

22. SECURITY.

Seller confirms that, to the best of its knowledge, employees of Seller performing work at Buyer's facilities have no record of criminal convictions involving drugs, assaultive or combative behavior or theft within the last five (5) years. Seller understands that such employees may be subject to criminal history investigations by Buyer at Buyer's expense and will be denied access to Buyer's facilities if any such criminal convictions are discovered. In addition, when Buyer has a reasonable suspicion to believe that any of employee, agent or subcontractor of Seller is under the influence of alcohol or drugs; has breached this Section 22 or Section 17, Buyer reserves the right to instruct Seller to immediately remove such employee agent or subcontractor from Buyer's premises. Such removal shall not affect Seller's obligation to provide Services under this Agreement.

***23. DRUG TESTING

Seller shall ensure, unless prohibited by applicable law, that any employee, agent or subcontractor assigned to provide Services on Buyer's premises shall have passed a pre-employment drug screen test (urine analysis) for at least the substances listed in the Drug Schedule set forth below within two (2) years prior to such assignment. If the employee, agent or subcontractor was not subject to a pre-employment drug screen test or the test was administered beyond the two (2) year period, the employee, agent or subcontractor shall pass a drug screen test within seventy-two (72) hours after that employee, agent or subcontractor has been identified for assignment to Intel.. Seller will be responsible for all drug screen testing to be conducted by laboratories federally certified to conduct urine drug testing. Seller shall also be responsible for the maintenance of testing records for its employees, agents and subcontractors, which shall be subject to audit on reasonable notice by Buyer to ensure compliance with this Section.

DRUG SCHEDULE

DRUG	SCREENING METHOD CUTOFF	CONFIRMATION METHOD CUTOFF
	(IMMUNOASSAY) -----	(GC/MS) -----
AMPHETEMINES	1000 NG/ML	500NG/ML
CANNABINOIDS	50 NG/ML	15 NG/ML
COCAINE	300 NG/ML	150 NG/ML
OPIATES	300 NG/ML	300 NG/ML
PHENCYCLIDINE	25 NG/ML	25 NG/ML

24. NEW DEVELOPMENTS.

If development Services are to be provided pursuant to this Agreement or if at any time during the term of this Agreement, Buyer pays any fee to the Seller for development Services, the following terms and conditions shall apply unless agreed otherwise in writing by the parties. For the avoidance of doubt, any research, development, or engineering services performed by Seller for which the parties do not enter into a separate written addendum, amendment or agreement or for which Buyer does not pay to Seller a separately identifiable fee shall not be "Development Services."

- A. All intellectual property associated with any ideas, concepts, techniques, inventions, processes, or works of authorship developed, created or conceived by Seller, its employees, subcontractors or agents while performing the development Services for Buyer or from proprietary and/or confidential information or materials belonging to Buyer (collectively, "Developments") shall belong exclusively to Buyer and be deemed the confidential information of Buyer. Seller agrees to assign (or cause to be assigned) and does hereby assign fully to Buyer all such Developments.
- B. Buyer acknowledges and agrees that Seller shall retain sole and exclusive ownership of any invention, improvement, development, concept, discovery, or other proprietary information owned or controlled by Seller prior to performing the development Services for Buyer ("Pre-existing Seller IP"). Notwithstanding the foregoing, Seller agrees that if in the course of performing the Services, Seller incorporates any Pre-existing Seller IP into any Development developed hereunder, Buyer is hereby granted and shall have a nonexclusive, royalty free, perpetual, irrevocable, worldwide license, under any such Pre-existing Seller IP, to make, have made, use, import, prepare derivative works of, reproduce, have reproduced, perform, display, offer to sell, sell, or otherwise distribute such invention, improvement, development, concept, discovery, or other proprietary information as part of or in connection with such Development.
- C. Seller shall assist Buyer, at Buyer's expense, in obtaining, registering, perfecting and enforcing all patents, trademarks, mask work rights or copyrights necessary to protect Buyer's interest in the Developments assigned to Buyer pursuant to Paragraph (a) above. This includes the disclosure of all pertinent information, the execution of applications, specifications, oaths and assignments and any other papers by Seller necessary to ensure said protection for Buyer. Upon Buyer's request, Seller shall execute an Assignment of Copyright to Buyer covering any copyrightable deliverable accepted by Buyer hereunder.
- D. All documentation connected with the development Services or associated with Developments assigned to Buyer pursuant to Paragraph A above, shall be the exclusive property of Buyer. Upon Buyer's request, Seller shall make all such documentation available to Buyer.

- E. Except for Developments Service provided pursuant to this Agreement or for which Buyer pays a fee as provided herein in Section 24, Buyer and Seller agree that any intellectual property rights associated with any ideas, concepts, techniques, inventions, processes, or works of authorship jointly developed, created, conceived or reduced to practice jointly by the Seller and Buyer as those terms are defined in the U.S. Copyright Act and the Patent Act the Developments shall be owned jointly by the parties. Each party shall protect any such jointly owned intellectual property rights to the same extent as it protects its own intellectual property. Any such jointly owned intellectual property rights may be used without the consent of and without restriction by the either party for any purpose without accounting or royalties, including disclosure to third parties, provided that, a party does not disclose any Confidential Information of the other party.

25. SOFTWARE AND DOCUMENTATION LICENSE.

A. DEFINITIONS:

"SOFTWARE" means any software and/or firmware provided with, embedded in or that is necessary, required or normally provided by the Seller for the use and/or operation of Items, in object code form, including bug fixes, updates, enhancements, and new releases developed by Seller during the term of the Agreement including any extension or renewal thereof.

"DOCUMENTATION" means any and all user documentation and training materials necessary to instruct Buyer in the proper installation, use and operation of the Software or Items which accompany either Software or Items.

- B. LICENSE GRANT: Seller grants to Buyer a fully paid, worldwide, transferable, non-exclusive, perpetual license, under all intellectual property rights owned or licensed by Seller and embodied in the Software and/or Documentation to install, copy and use the Software and use and distribute the Documentation internally in the operation of the Software or Items. Buyer may make a reasonable number of archived copies of Software and/or documentation for internal use/back-up purposes. Buyer may copy the Documentation or portions thereof, for internal use purposes. Buyer may not reverse engineer the Software.
- C. RIGHT TO TRANSFER: Buyer may transfer the Software, Documentation and copies prepared in accordance paragraph 23 B, and all rights associated therewith, as part of the sale, lease or other transfer of all rights in Items for which the Software and Documentation were provided or required, provided that the Buyer retains no copies Software, Documentation and the transferee agrees to the terms and conditions of this Software and Documentation License,
- D. OWNERSHIP. Seller shall retain all ownership interest in and to Software and Documentation, and except for the express rights and license set forth herein, Buyer receives no other rights or license, whether by implication, estoppels or otherwise.
- E. WARRANTIES: Seller makes the following representations and warranties to Buyer regarding the Software:
- (1) The Software will perform in conformance with the Purchase Spec;
 - (2) The Software does not contain any viruses at the time of delivery to Buyer;
 - (3) Seller has all necessary rights, title and interest to grant the rights set forth herein to Buyer, free of any claims, liens or conflicting rights in favor of any third party; and
 - (4) The Software (i) will function without error or interruption related to Date Data from more than one century; (ii) requires all Date Data (whether received from users, systems, applications or other sources) and all date output and results, in any form, to include an

indication of century in each instance. As used herein, "Date Data" means any data or input, whether generated within the Item or communicated to it, which includes an indication of or reference to date. The foregoing is in addition to all other representations and warranties of Seller.

26. MERGER, MODIFICATION, WAIVER, REMEDIES AND SEVERABILITY.

- A. This Agreement and any Releases issued hereunder contains the entire understanding between Buyer and Seller with respect to the subject matter hereof and merges and supersedes all prior and contemporaneous agreements, dealings and negotiations. No modification, alteration or amendment shall be effective unless made in writing, dated and signed by duly authorized representatives of both parties.
- B. No waiver of any breach hereof shall be held to be a waiver of any other or subsequent breach.
- C. Buyer's and Seller's rights and remedies herein are in addition to any other rights and remedies provided by law or in equity.
- D. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal, or unenforceable, such determination shall not affect the validity of the remaining provisions unless Buyer determines in its discretion that the court's determination causes this Agreement to fail in any of its essential purposes.

27. ASSIGNMENT.

Neither party may assign or factor any rights in, nor delegate any obligations under this Agreement or any portion thereof, without the written consent of the other party, which consent shall not be unreasonably withheld. For purposes of this Section 27, the acquisition, merger, consolidation or change in control of Seller or any assignment by operation of law shall be deemed an assignment that requires Buyer's written consent. Any assignment without such prior written consent shall be null and void and of no legal effect. If such assignment is permitted, the assignee shall be responsible for and perform all obligations and duties of the assignor pursuant to and in accordance with the terms and conditions of this Agreement.

28. APPLICABLE LAW

This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, excluding Delaware's conflicts of law provisions. The provisions of the United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement. The parties agree that the predominance of this Agreement is the sale of goods, and agree that the Delaware version of the Uniform Commercial Code, Article 2, shall be applicable to this Agreement.

29. HEADINGS.

The headings provided in this Agreement are for convenience only and shall not be used in interpreting or construing this Agreement.

30. SPECIFIC PERFORMANCE.

Notwithstanding anything to the contrary contained in this Agreement, the parties agree that the failure of the Seller to deliver an Item or perform a Services in accordance with the terms and conditions contained in this Agreement after the acceptance of a Release would cause irreparable damage to Buyer for which monetary damages would not provide an adequate remedy. Accordingly, it is agreed that, in addition to any other remedy to which Buyer may be entitled, at law or in equity, Buyer shall be entitled to injunctive relief to prevent breaches of the provisions of this Agreement by

Seller, and an order of specific performance to compel performance of such obligations in any action instituted in any court of the United States or any state thereof having subject matter jurisdiction.

31. NOTICE

Unless otherwise agreed in writing by the parties, all notices to Intel regarding this Agreement shall be sent to Buyer TME General Counsel and to the Intel TME's Commodity Manager at the address on the signature page of this Agreement.

32. PRIVACY

If Buyer transmits any personal information to Seller, or if Seller obtains personal information in the course of performing Services for Buyer, Seller shall: (i) take all measures necessary to ensure the security of the personal information; (ii) not transfer any personal information to any third party; (iii) not use any personal information for any purpose other than as described in this Agreement; and (iv) comply with the current online Privacy Alliance's privacy guidelines (available at www.privacyalliance.org), and any and all updates as they may be issued.

33. ELECTRONIC TRANSACTIONS

- A. Subject to the terms and conditions of this section, the parties agree to accept electronic records and electronic signatures (as such terms are defined in the U.S. Electronic Signatures in Global and National Commerce Act) relating to transactions contemplated by this Agreement.
- B. In connection with system-to-system implementations:
 - (i) The parties will implement the particular transaction sets and/or message specifications mutually agreed upon by the parties. Each party's implementation will comply with applicable standards (e.g., applicable ANSI standards or RosettaNet PIPs), except as otherwise mutually agreed.
 - (ii) Where applicable standards require that the receiving party issue a notice to the other confirming message receipt, such notice will not constitute a binding acceptance or acknowledgement of anything more than mere receipt. In the event that any element of an applicable standard conflicts with a provision of this Agreement, the provision of this Agreement will control.
 - (iii) If a party has adopted an electronic identifier (e.g. a digital signature), the other party is entitled to rely on the authenticity of messages signed by or otherwise associated with such electronic identifier unless and until notified otherwise by the adopter.
- C. Either party may use a third party service provider in connection with e-business activities (e.g., to route or translate EDI or XML messages, or to host web based services). The party contracting with a service provider must require that such service provider (a) use information disclosed to or learned by such service provider in connection with providing services solely for the purpose of providing the applicable services, and (b) not disclose such information to any third party. Either party may begin to use or may change a service provider upon reasonable prior written notice. Each party will be liable for the acts or omissions of its service provider in connection with activities contemplated by this Agreement.

34. USE OF WEB SITES

When one party uses the other party's web-based services, the then-current Terms of Use or similar legal terms associated with the web-based services (the "Terms") will govern such party's use of such web-based services, provided that:

- A. This Agreement, including without limitation all provisions relating to sales or purchase transactions, confidentiality, liability limitations, damage waivers, liability caps, indemnification, dispute resolution, intellectual property indemnification, and choice of law or venue, will supercede and control over any conflicting provisions found in the Terms. Any

provision of either party's Terms that would materially alter a provision of this Agreement will have no effect.

- B. The Terms will apply exclusively to a party's use of the applicable web-based services and any provisions purporting to apply to other activities will have no effect.
- C. Each party will be obligated only to use commercially reasonable efforts to meet any security and access control obligations set forth in the Terms, notwithstanding any contrary provisions in the Terms.
- D. All personally-identifiable information that one party learns about the other party's individual users in connection with usage of the web-based services must be protected by the recipient in accordance with the Privacy section of the Agreement.

35. SURVIVAL.

The rights and obligations of the parties as contained in Sections 1, 3, 5, 6, 8, 11, 12, 13, 14, 15, 16, 18, 19, 20, 22, 23, 24, 25, 26, 28, 29, 30, 31, 32, 33, 34, 35 and 36 shall survive the termination or expiration of this Agreement along with any other right or legal obligation of a party created by a term or condition in any Addendum, SOW or Purchase Spec, which term or condition by its nature would survive the termination or expiration of the Agreement.

36. ORDER OF PRECEDENCE.

In the event of a conflict or inconsistency between the Terms and Conditions of this Agreement and its Addenda, a Release or Purchase Spec the following order of precedence shall govern:

- 1. Any supplemental terms or instructions on the face of a Release accepted by Seller.
- 2. The Terms and Conditions of this Agreement and its Addenda and Amendments.
- 3. Purchase Spec.

ADDENDUM A

ADDITIONAL TERMS AND CONDITIONS APPLICABLE TO ALL EQUIPMENT MODELS,
SPARE PARTS AND SERVICES

PART I. EQUIPMENT

1. EQUIPMENT PERFORMANCE GUARANTEES

For purposes of this section 1 of Part 1 addendum A only, the term "Availability Requirement" means the lesser of the Equipment availability requirement (or "utilization capability" or "100% uptime" requirement) as set forth in the Purchase Spec per SEMI E10-96. The warranty on a unit of Equipment will be extended *** for each month that such Equipment performs below the MCBI, MCBF, UPH and the Availability requirements as defined in purchase specifications listed in Addendum D. Seller has the right to request a mutual review process, to review equipment performance data, at which Seller will exclude downtime caused by the Buyer in the availability calculations. This provision for warranty extensions does not apply until ***months after Equipment final acceptance. If the Availability Requirement is not met for more than ***consecutive months during the warranty period, Buyer may, at Buyer's option: (a) return Equipment for ***; (b) obtain replacement parts, including major components, at no cost to Buyer; or (c) have the non-complying Equipment replaced with new Equipment within ***days. Warranty extensions may be reduced by ***month for every ***months that the Equipment performs better than ***above the Availability Requirement. Buyer must be in compliance with Seller's recommended or a mutually agreed upon preventative maintenance schedule and procedures for warranty extensions to be invoked. Extensions will be agreed upon within forty-five (45) days after the month in which the Equipment performance dictated the extension.

2. MODIFICATIONS AND UPGRADES

- A. Buyer may require and Seller agrees to make any Equipment modifications needed to bring the Equipment into conformance with the Purchase Spec or, in the case of performance-based pricing (if such a pricing structure has been agreed to) to meet the Expected Improvement Rate (EIR).
- B. Such modifications will be performed at no cost to Buyer. Prices for upgrades and modifications that exceed the Purchase Spec (current at time of installation) will be negotiated at the time Buyer grants authorization.
- C. Seller offers to add Items currently offered or developed over the term of the Agreement, which Buyer does not currently purchase, to this Agreement, with any appropriate exception mutually agreed, should Buyer choose to purchase such Items.

3. CHANGE CONTROL

- A. Buyer may require and Seller agrees to make any Equipment modifications needed to bring the Equipment into conformance with the Purchase Spec or, in the case of performance-based pricing (if such a pricing structure has been agreed to) to meet the Expected Improvement Rate (EIR). Such modifications will be performed at no cost to Buyer. Prices for upgrades and modifications that exceed the Purchase Spec (current at time of installation) will be negotiated at the time Buyer grants authorization. If the parties are unable to agree a negotiated agree.
 - i. Seller shall not make changes to Items without prior written approval from Buyer.
 - ii. Changes include all hardware or software assembly modifications that affect the manufacturing environment, impact/require recipe alteration to match outputs, impact equipment installations/facilities hookup, affect the ergonomic or safety characteristics of

the Equipment, and/or affect existing Equipment software. They may also include modifying Equipment, modules, software, subassemblies, parts associated with the manufacturing environment or process chemicals/consumables.

- iii. Seller must request approval for such changes by notifying Buyer of the proposed change by sending an Equipment change request notice to Buyer a minimum of ninety (90) days prior to any proposed change. This notice shall include the specific change requested, reason for the change, specific change details, Items affected, and the impact to Equipment in the field. Buyer will respond in writing within thirty (30) days. Failure of Buyer to respond does not indicate Buyer's approval, with the exception of component obsolescence.
- iv. Seller shall provide rev-level control and traceability systems for Items supplied to Buyer hereunder.
- v. In the case of Equipment on order but not yet shipped, formal modification of the Release is required for any change to the model, configuration, variance to the price, performance, acceptance specifications, or delivery schedule. No Equipment will be accepted or paid for that is in variance to what is shown on the Release unless formally authorized by a written change order. Seller will not be penalized on delivery OTD for delays caused by Buyer.

4. TRAINING & DOCUMENTATION

- A. The drawings, documentation, and training materials must conform to the Intel specification 20-254 Rev 15 "DOCUMENTATION AND TRAINING REQUIREMENTS" defined in Addendum E. Training must be developed using either Performance-Based Equipment Training (PBET) or Criterion-Referenced Instruction (CRI) methodology and delivered by PBET certified instructors.
- B. Buyer may purchase and Seller will make available training and documentation as defined in ADDENDUM E.
- C. Buyer will review all supplied training and documentation and has authority to accept or reject it. Buyer will not give final approval until Seller has delivered all documentation referenced 20-254 REV 15 "DOCUMENTATION AND TRAINING REQUIREMENTS " defined in Addendum E. Training will be free of charge until the requirements of this specification have been satisfactorily completed unless pre-arrangements have been established and negotiated regarding payment.

5. SAFETY REVIEW AND NOTIFICATION

- A. Seller warrants that the Equipment complies with SEMI S2 Safety Guidelines for Semiconductor Manufacturing Equipment OR be listed by a Nationally Recognized Testing Laboratory (NRTL) using the applicable standards AND comply with SEMI S8 Safety Guideline for Ergonomics/Human Factors Engineering of Semiconductor Manufacturing Equipment. Seller shall document conformance through an agreed upon third party at Seller's expense. Documentation of compliance listed in the Purchase Spec shall be provided to the Buyer three months prior to the date the Equipment is being shipped. Modifications necessary to bring the Equipment into compliance will be provided by Seller at no charge. Seller must have management and control systems for the effective management of product safety compliance. Clause is applicable to RFS, Summit and all future purchased tools
- B. Seller will notify Buyer's Commodity Manager and Corporate environmental health & safety representative immediately upon discovery of any actual or potential environmental, health or safety hazard with the Equipment, upon discovery. Determination of the scope and any containment and corrective actions required to cure such a hazard will be performed by Seller at

no cost to Buyer. Should Seller not be able to cure, Seller shall provide a full refund of the Equipment purchase price to Buyer.

6. EQUIPMENT RELIABILITY

A. Reliability Demonstration

Seller agrees to use "Reliability Qualification Test" (RQT) plans (MIL-HDBK-781) to demonstrate, with 80% confidence, that the Equipment's reliability meets or exceeds the performance specification for reliability, based on testing of production systems and/or field data. This will be used to substantiate the claims of Equipment performance for each design. Testing will be performed by Seller on as many machines as required to establish the required confidence. If subsystems are tested individually, the subsystem goals must be apportioned from the systems goal.

B. Failure Modes and Effects Analysis

Seller agrees it will complete Failure Modes and Effects Analysis (FMEA) studies on at least three of the most critical subsystems and/or those systems that contain new design concepts.

C. Fault Tree Analysis

At least annually, Seller will perform Fault Tree Analysis (FTA) on no fewer than the top three known failure modes associated with each type of Equipment under warranty. This will document the largest limiters to the Equipment's reliability, and will be the foundation for developing a comprehensive plan for reducing or eliminating each of the failure modes.

D. Continuous Improvement/Upgrades

With all continuous improvement projects and upgrade programs, Seller will:

- (i) Perform FTA's on the existing problem or issue to verify that the most important root causes are understood and corrective actions are generated.
- (ii) Model and provide rationale for the design goals for the proposed solution.
- (iii) Perform FMEA's on the solution design.
- (iv) Execute an RQT to objectively verify the reliability of the solution.

7. BUYER SPECIFIC PROCESS RECIPE DEVELOPMENT.

If during the term of the Agreement, Buyer is required to develop Buyer specific process recipes ("Recipes") for Items at Seller's site, the parties agree as follows:

- A. Seller shall designate a secured area at Seller's site for the use of Buyer's employees for the purpose of such process development work. During this development, Seller's employees will have no access to the area and at the conclusion of the development work, Buyer may delete any and all memory pertaining to the Recipes from the Items.
- B. Seller acknowledges and agrees that all Recipes are the sole and exclusive property of Buyer and any information relating to Recipes disclosed to Seller by Buyer shall be deemed to be the Confidential Information of the Buyer and governed by the terms of the CNDA referenced on the signature page of this Agreement.

- C. Seller may use the Confidential Information solely in conjunction with Items and agrees not to disclose the Confidential Information to any third parties, including any affiliates, subsidiaries, parent or sister companies, without the prior written approval of Buyer.
- D. Seller acknowledges and agrees that no license under any Buyer patent, copyright, trade secret or other intellectual property right is granted to or conferred upon Seller by the disclosure of any Confidential Information by Buyer to Seller as contemplated hereunder, either expressly, by implication, inducement, estoppel or otherwise, and that any license under such intellectual property rights must be express and in writing.

ADDENDUM A

PART 2

SPARE PARTS.

ADDITIONAL SPARE PARTS TERMS AND CONDITIONS

1. SPARE PARTS DELIVERY

A. For emergency (e.g. down Equipment) Spare Parts, Seller will accept orders 24 hours per day, seven days per week and will ship such emergency orders to Buyer's facilities immediately during normal business hours by the most expedient method possible. Seller may maintain an emergency 24-hour PO system by manned or electronic means and will ensure that Buyer sites have contact/escalation lists, and will in each case confirm shipment date by the next business day.

B. For non-emergencies, Seller guarantees spare parts will be shipped to Buyer's facilities after receipt of order no later than the following schedule (exclusive of transit time):

TYPE OF PART LEADTIME	***
Consumables	***
Non-Consumables-Common	***
Assemblies	***
Device-specific	***
Replenishment and Repair Exchanges	***
Delta Repairs	***
Third-party Repairs	***

C. In any month (as defined by Buyer's work week calendar), if the OTD at any Buyer site falls below goals listed below, all Spare Parts ordered by that site during that month will be given an additional discount (beyond that in 2.A.) according to the schedule below:

Year 1 OTD	ADDITIONAL DISCOUNT
***	***
Year 2 OTD	ADDITIONAL DISCOUNT
***	***
Y3-OTD	ADDITIONAL DISCOUNT
***	***

Regardless of any discount, Seller shall ship any past due spare part within twenty-four (24) hours of availability.

2. SPARE PARTS TERMS

A. Spare parts will be discounted ***off of the Seller's published price list, or lowest price charged by Seller to other customers, whichever is lower, as referenced in Addendum F Spare Parts Price List.

B. Seller shall supply Buyer with a complete list of spare parts and spare parts kits written in Excel spreadsheet format, which will be attached as 4.A. Spare Parts Price List below. The list will include the following:

Seller's part number - - - - -	Description - - - - -
Intel's discounted new-buy price	Intel's discounted repair price (as applicable)
New-buy lead time	Repair lead time (as applicable)
Typical consumption per year per machine	Recommended stocking level

Seller shall also identify which parts are consumable/non-consumable (C/N) and repairable/non-repairable (R/N).

- C. Seller shall provide Buyer with a list of second/direct sources for all parts. This list will cross reference Seller's part number with the original manufacturer and part and shall be provided six (6) months prior to delivery of the first HVM tool. The warranty on each existing tool(s) will be extended for one additional month for every month that this list is late as required above. Seller shall provide OEM Part Numbers and shall include in a Business Continuity Plan, available to Buyer at such time as the continuity plan should be called into effect.
- D. Unused, non-obsolete, non-device specific custom spares over ***. may be returned for up to 24 months after purchase date, with *** re-stocking charge, *** months after purchase date @ *** restocking charge. Return lists will be submitted by individual Intel site to encourage "right-sized" inventories. Buyer and Seller shall agree to returns list content in a timely manner prior to restocking.
- E. Spare parts will be supplied by Seller for at least seven years beyond the last Equipment purchase or end of product manufacturing, whichever is later. If Seller can no longer supply parts beyond seven years, Seller will furnish drawings and specifications for the parts with all the rights required to have such parts made by a second source supplier without compensation of any nature to Seller.
- F. Each Buyer site will have the option to stock consignment spares per terms referenced in Spare Parts Consigned Inventory Process.
- G. Seller will support Buyer's internal repair capability for items purchased under this agreement. At Buyer's request, Seller shall provide technical information (drawings, schematics, failure analysis report, etc.) enabling Buyer with this repair capability.

3. SPARE PARTS COST CONTROL

If Buyer and Seller agree to implement cost reduction programs, such as spare parts reliability improvements, alternate sourcing, value engineering, or re-specification of quality requirements, the fixed costs of parts shall be adjusted by the agreed upon amount of cost reduction due to such programs.

4. SPARE PARTS PRICE LIST TEMPLATE

Seller to identify the applicability of all spares to each Tool Type that Buyer procures from Seller under this Agreement.

SELLER PART NUMBER	INTEL PART NUMBER	DESCRIPTION	UNIT OF MEASURE (EACH/SET/KIT/ETC)	CONSUMABLE/NON-CONSUMABLE (C/N)	REPAIRABLE (Y/N)	CUSTOM MADE FOR INTEL ONLY (Y/N)	LIST PRICE	INTEL'S DISCOUNTED PRICE -- NEW BUY	INTEL'S DISCOUNTED REPAIR (N/A IF NOT REPAIRABLE)	LEADTIME -- NEW BUY	LEADTIME -- REPAIR (N/A IF NOT REPAIRABLE)
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

CONSUMPTION PER YEAR PER MACHINE	RECOMMENDED STOCKING LEVELS	MANUFACTURER'S NAME	MANUFACTURER'S PART NUMBER	PM KIT LEVEL	PM KIT CHANGE-OUT FREQUENCY	MACHINE TYPE #1	MACHINE TYPE #2
-----	-----	-----	-----	-----	-----	-----	-----
-----	-----	-----	-----	-----	-----	-----	-----
-----	-----	-----	-----	-----	-----	-----	-----

5. SPARES KITS TEMPLATE

List the top *** (by dollar volume) of spare parts to be used over the life of the Equipment as Kit Level 1. Remaining spares should be listed as Kit Level 2.

KIT LEVEL DESCRIPTION	SELLER PART NUMBER	INTEL'S DISCOUNTED PRICE	LEADTIME	COMPONENT SELLER PART NUMBERS
-----	-----	-----	-----	-----
-----	-----	-----	-----	-----
-----	-----	-----	-----	-----
-----	-----	-----	-----	-----

*** Confidential material redacted and submitted separately to the Commission

ADDENDUM A

PART 3.

ADDITIONAL SERVICES TERMS AND CONDITIONS

1. APPLICABILITY

The terms and conditions in this ADDENDUM D shall apply to all Services performed by Seller at Buyer's facilities. In the case of extended service contracts, a separate scope of work for each service contract will be negotiated and will become a supplement to this Agreement.

2. PRICING

Seller will decrease rates when they are determined not to be competitive with geographical labor rates.

3. ALTERNATE USE OF SCOPE OF WORK PERSONNEL

If, after receiving Buyer's approval, Seller utilizes personnel assigned under any factory-specific Scope of Work (SOW) to perform installation, warranty, or other work not included in such factory-specific SOW, Seller will credit to Buyer the value of all such work. The amount of any such installation, warranty, or other credits will be mutually agreed in advance. Buyer shall have the right to accept or reject any Seller requests to utilize personnel assigned under a factory-specific SOW to do any such work.

4. EQUIPMENT PRE-DELIVERY AND START UP

Prior to Equipment installation, Seller shall participate in Buyer's installation design reviews.

After Buyer has completed Equipment facilitization, Seller shall work the required amount of hours in order to ensure Equipment is installed and started up to meet Purchase Specification acceptance criteria and production ramp requirements. Buyer and Seller shall co-develop plans, Gantt charts or other tools that are necessary to ensure Equipment is ready for each phase of Buyer's production ramp.

5. PROCESS MODULE QUALIFICATION

Seller shall participate, as needed, in process, equipment and module qualification and in integrating the Equipment into the manufacturing process by using Buyer's procedures, practices and methodologies.

6. FIELD SERVICE SUPPORT

- A. If equipment does not meet performance requirements and specifications as detailed in the Purchase Specification, Seller shall provide service engineer on Buyer's site. Should problems persist, additional field service engineers will be dedicated to provide 24 hours x 7 days on-site coverage at no additional cost until Equipment consistently meets Purchase Spec.
- B. Seller will provide worldwide field service support to ensure that the equipment meets or exceeds the performance specifications.
- C. Buyer sites shall have the option of extending on-site coverage at a rate in accordance with Section 12 Pricing for Services provided Purchase Specifications have been achieved.

7. CONTINUOUS IMPROVEMENT

Seller shall work with Buyer to collect and analyze data through Buyer's automated data collection system and recommend corrections or improvements to Equipment.

8. ESCALATION

- A. Seller will provide telephone Technical Support on a 24 hours per day, 7 days per week, 365 days per year with a 30-minute pager telephone response basis. Seller will also provide an escalation list with the phone numbers of at least three senior technical personnel. If a problem occurs with a piece of Seller's Equipment, Buyer shall immediately call Seller's Technical Support (or escalation list, if necessary).
- B. If a problem with Equipment cannot be resolved by Buyer's personnel within 1 hour of such a call, Seller will have service personnel on Buyer's site within 4 hours or within 2 hours if an extended service contract is in place.
- C. If the problem is still unresolved 24 hours after the initial call, Seller shall dispatch at least one additional senior (Level III) field service engineer to the site.
- D. If the problem is still unresolved 36 hours after the initial call, Seller Management shall update Buyer with repair status every 4 hours until equipment is returned to production. The previously agreed plan of action is reviewed, updated and modified as required. If the problem is still unresolved, the Seller shall dispatch a team of Process, Hardware, and Software experts from Seller Engineering / Design group. Such persons shall travel by the most expeditious route at Seller's expense.
- E. A post mortem report is required for all equipment down over 24 hours. Seller's Field Service Manager is responsible for scheduling a post mortem meeting with the Buyer after the "Escalated" problem is resolved
- F. These levels of escalation will be provided at no cost during the warranty period.

9. TECHNICAL EXPERTISE

- A. All Seller personnel who work on equipment (including installation or relocation) at Buyer's sites must be Level III certified per Section 11 Field Service Engineer Skills and Expectations. Seller will inform Buyer when such personnel do not meet Level III certification criteria, and will be subject to remedies described below
- B. On Site Field Service Engineer (OSFSE) - The OSFSE shall be responsible for resolving any Seller personnel-related discipline issues. However, Buyer reserves the right to request the immediate removal of any Seller personnel who are in breach of any laws, regulations, or provisions of this Agreement. The OSFSE will be a primary communication link from Buyer's factory to Seller, and will participate in Buyer's various equipment improvement teams, and management reviews as requested. As requested by Buyer, the OSFSE will deliver informal on-the-job-training, working with team members from the Buyers Technical Staff.
- C. Off Site Field Service Engineer (OFSFSE) - FSE's must maintain and repair the equipment listed in this contract or factory specific Scope of Work. The work of FSE's on shift will be coordinated through Buyer's Shift Technical Supervisor or Manager.
- D. Upon request, Seller shall furnish evidence of any and all Field Service Engineers (FSEs) credentials with respect to being Level III certified, as defined in this section. Buyer shall have the right to audit any such evidence, including, but not limited to, the right to interview any of Seller's personnel designated for the performance of applicable factory-specific service Scope of Work or equipment associated as noted in this agreement.
- E. Buyer must maintain all training and certification records for all Field Service Engineers. As part of Buyer's ISO 9001 certification process, Seller may be requested to provide information regarding Buyer in-house training or current calibration records for all applicable hand tools, and current listing of all manuals, including revision number.
- F. If any of Seller's personnel assigned to any factory-specific service Scope of Work, upon commencement of work at Buyer's factory, are not Level III as defined in this Section, Buyer may choose from one of the remedies listed below. Such remedies will apply only to the

individual personnel in question and will be in effect only until such time as Seller can prove that such personnel have met the requirements to be "Level III."

- i. The individual is removed from Buyer's factory and replaced by a "Level III." Or,
- ii. The individual shall be paid-for at 50% of the rate established in this Agreement and an agreed Seller-developed training plan will be established for that individual. Or,
- iii. The individual may remain but shall be supplemented at no charge by an additional Seller personnel who is Level III certified. Or,
- iv. Buyer may cancel the portion of the applicable factory-specific service Scope of Work equal to the number of individuals who are not Level III, with no cancellation liability. Or,
- v. Withhold 20% of final equipment payment, until Field Service Engineer is Level III certified.

10. OTHER SELLER RESPONSIBILITIES

- A. If multiple PM procedures exist, Buyer's procedures will be executed by default.
- B. Seller will provide documented and demonstrated equipment maintenance, troubleshooting and repair procedures. These Best Known Method (BKM), Response Flow Checklist (RFC) or Copy Exactly (CE) established procedures must be designed or intended to minimize equipment downtime and parts consumption. The Buyer, using Buyer validation approval systems, must approve all Seller BKM or CE procedures.
- C. Seller will adhere to all Buyer safety and ergonomic requirements identify tool-related safety and ergonomic issues (both actual and potential) and work on solutions to resolve identified issues.
- D. Seller is responsible for FSE training, tracking and competency in all Buyers safety requirements, as per Section 11 FSE Skills and Expectations. This is inclusive of any and all work performed by the Sellers FSE, at the Buyer's sites.
- E. Should Seller have non-English speaking FSE's on site, Seller will provide adequate bi-lingual support for translation.

11. FIELD SERVICE ENGINEER SKILLS AND EXPECTATIONS

Qualifications for Level III certification include, but are not limited to the skills or activities listed below. Skills and expectations are generic and may vary depending upon tool applicability.

- A. At least six months experience working with the model(s) of equipment being supported under this Agreement.
- B. The ability to demonstrate proficiency in all of the tasks listed in applicable factory-specific service Scopes of Work and any other factory-specific requirements as agreed to in writing.
- C. Safety:
 - 1. Apply appropriate equipment specific safety procedures rigorously.
 - 2. Suggest and maintain safety improvements.
 - 3. Perform tasks according to safety system requirements.
 - 4. Identify and describe hazards and safety procedures for acids, solvents, pressurized and inert gases, cryogenics related to the equipment set.
 - 5. Describe the mechanical, electrical (EEW), vacuum, pneumatic, hydraulic, and thermal hazards and the associated safety procedures for the equipment set.

6. Apply ergonomically correct methods for lifting and handling of equipment and equipment components.
7. Recognize and describe the use of emergency shut off switches, interlocks and valves for the machines in the equipment cluster/set.
8. Describe the correct hot work safety procedures.
9. Correctly handle reactive gases, acids, solvents, pressurized and inert gases at point of use, specific to the equipment set.
10. Describe MDA and safety system leak detection.
11. Certified to perform CPR and First Aid, has received Electrical Safety Training, (if in U.S. must meet OSHA Requirements), has read and understands Intel Electrical Safety Procedures, understands Control of Hazardous Energies and Lock Out Tag Out (LOTO) procedures.

D. Overall equipment knowledge

1. Display knowledge of software and controls specific to the process tools in the equipment set.
2. Ensure machine quality standards are met before returning machine back to production by performing appropriate monitors.
3. Use simple measurement tools in a documented procedure.
4. Use basic hand tools properly as defined for the equipment group.
5. Perform automatic system alignments/adjustments per specifications.
6. Run standard machine monitors.
7. Operate optical measurement equipment.
8. Attain basic theoretical knowledge of the equipment in the set.
9. Demonstrate knowledge of facilities and sub-systems of the process tools in the equipment set.
10. Understand the impact of the equipment variables on the process.
11. Assist with improvements and upgrades.
12. Work with supplier and facilities to install new equipment.

E. Maintenance/ Troubleshooting

1. Perform daily, weekly, monthly, quarterly, semi-annual, and annual PMs as defined for equipment set.
2. Assist in major PMs.
3. Perform weekly maintenance based on data.
4. Recognize and react accordingly to alarms and error codes.
5. Troubleshoot basic transport problems i.e. shuttle cassette not sitting on elevator properly.
6. Troubleshoot standard station controller problems (if required).
7. Maintain equipment as certified from supplier operations, maintenance, and troubleshooting classes.
8. Troubleshoot using complex Response Flow Checklists (RFC) and schematics. Know how all sub-systems are integrated.

- 9. Participate in RFC development.
- 10. Apply advanced troubleshooting methods.
- 11. Participate as the experts in the implementation of equipment improvements.
- 12. Demonstrate proficiency in electrical skills with regard to working within EEW procedures.

F. Documentation/ Systems

- 1. Write PM specifications and RFCs.
- 2. Use PM checklists correctly and update PM checklist with expert supervision.
- 3. Enter necessary equipment data into Buyer's data collection database, correctly, including sub-assembly and repair data.
- 4. Generate status reports and interpret data from Buyer's data collection database to solve problems.

G. Supplier Interface

- 1. Work with suppliers and facilities to install new equipment.
- 2. Interact with suppliers and factory support groups.

H. Tool specific requirements

12. SERVICE PRICING

SERVICE PRICING FOR OUT-OF-WARRANTY OR ADDITIONAL SERVICE

SERVICES ***

Dedicated FSE (terms subject to negotiation)	***	***	***	***
Hourly: Monday-Sunday, 8:00a-5:00p	***	***	***	***
Hourly: Monday-Sunday, Holidays, Overtime (40+ hours per week and/or 8+ hours per day) 5:00p-8:00a	***	***	***	***
Minimum billing	***	***	***	***
Travel time	***	***	***	***
Transportation/Lodging	***	***	***	***
Per Diem	***	***	***	***
On-call Support: 7x16 (1st and 2nd shift)	***	***	***	***
On-call Support: 7x24	***	***	***	***
Training: @ Delta Factory 40 hrs (Level 1,2)	***	***	***	***

Training: @ Delta Factory 80 hrs (Level 3)	***	***	***	***
Training: On-site 40 hrs (Level 1,2)	***	***	***	***
Training: On-site 80 hrs (Level 3)	***	***	***	***

**** TRAVEL/RELATED EXPENSES: Travel/Related Expenses to be quoted separately:
Where applicable, no reimbursement for travel and travel-related expenses will
be made by Intel for such expenses in excess of Intel's Travel Service
guidelines. Travel arrangements and /or guidelines will be furnished to Supplier
upon request

*** Confidential material redacted and submitted separately to the Commission

ADDENDUM B

ALCOHOL/DRUG-FREE WORKPLACE DIRECTIVE

Intel is committed to fulfilling its legal and ethical responsibility to maintain a safe and efficient working environment on Intel premises. Supplier's drug and alcohol program shall be at least as stringent as Intel's. This means that at a minimum, Supplier shall ensure that all Contractors assigned to Intel premises shall pass a screen test (urine analysis) for drugs per the schedule outlined below within seventy-two (72) hours after the Supplier has identified the Contractor to be assigned to Intel.. For purposes of this Addendum B, the term "Contractor" refers to Supplier's employees or subcontractors providing Services to Buyer under the Agreement. Any Contractor who does not successfully pass the screen test within such seventy two (72) hour period will be barred access to all Intel facilities. In addition, when Intel has a reasonable suspicion that a Contractor is under the influence of alcohol or drugs in violation of Intel's standards, Supplier shall, at Intel's request, either perform immediate drug and alcohol testing of any Contractor so assigned, or shall remove the Contractor from the Intel premises.

If a Contractor tests positive, that Contractor will be denied access to Intel premises and Intel will require return of that Contractor's security badge immediately. In addition, a corporate-wide "no-access" notation will be placed in the Intel corporate security database and no Application for Waiver will be considered by Intel.

Supplier will be responsible for all testing and for maintaining of records for its Contractors. Supplier will also be responsible for prompt notification and removal of any Contractor found to be in violation of Buyer's Alcohol and Drug-Free Workplace Directive. This includes retrieving the Contractor's badge (including duplicate picture badges, Fab, AT, or other specialty access or permit badges and other property movement badges) and other Intel property, and depositing same at the nearest Intel security post.

Also, Intel may, at its option, exercise its right to audit Supplier's personnel records related to compliance with Intel's Drug and Alcohol Directive to ensure that federally certified laboratories are being used and appropriate procedures are adhered to.

DRUGS	SCREENING METHOD CUTOFF (IMMUNOASSAY)	CONFIRMATION METHOD CUTOFF (GC/MS)
Amphetemines	1000 ng/ml	500ng/ml
Cannabinoids	50 ng/ml	15 ng/ml
Cocaine	300 ng/ml	150 ng/ml
Opiates	300 ng/ml	300 ng/ml
Phencyclidine	25 ng/ml	25 ng/ml

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ADDENDUM C

PROTECTION OF INTEL'S ASSETS

Supplier agrees to safeguard Intel's classified (i.e., Intel Confidential, Intel Secret, Intel Restricted Secret and Intel Top Secret) and proprietary information set out in the body of the parties' Agreement and relevant Unescorted Access Application forms for badges. Supplier also agrees to use and apply Intel's information protection methods stated below in this Addendum in the performance of Supplier's work. Supplier agrees that this performance standard applies to all Intel classified and proprietary information, regardless of the medium (Intel's or Supplier's) in or on which it is retained or communicated and to software that is licensed by Intel for its internal use.

Supplier is not automatically granted access to Intel classified and proprietary information, networks or software. However, authorization to use or access Intel information, software, or telecommunications may be granted by the Intel information owner if access is necessary and directly related to Supplier's scope of work or duties. Unless specifically authorized, Supplier may not use or access Intel classified or proprietary information that may be happened upon or inadvertently discovered while performing work under this Agreement. Neither may a Supplier or Supplier's employee control an Intranet web site at Intel.

Supplier shall not modify Intel classified or proprietary information, software, hardware, or telecommunications without the explicit permission of the Intel employee responsible for the resource, with the exception of contract-related requirements or resources that allow for individual customization (e.g., Microsoft Windows user features). The Supplier's employees, agents, or subcontractors may not disclose Intel classified or proprietary information to their co-workers, except for disclosure to those similarly bound to protect Intel's intellectual property with a need to know to fulfill this Agreement.

INTEL INFORMATION PROTECTION METHODS

This section outlines the Intel's minimum requirements for protection methods for all Intel classified or proprietary information and software that the Supplier's personnel may come in contact with. Intel recognizes that the correct and proper protection of its information rests with its employees and Suppliers who have been authorized access. FAILURE TO COMPLY WITH THESE REQUIREMENTS WILL PROVIDE GROUNDS FOR IMMEDIATE TERMINATION OF THIS AGREEMENT BY INTEL. Periodic updates to these protection methods can be found on Intel's internal web at:

URL [HTTP://WWW-INFOSEC.FM.INTEL.COM/POLICIES/](http://www-infosec.fm.intel.com/policies/)

Upon reaching the above web site, refer to Policies for Employees and Procedures for Employees. These protection methods may also be obtained through your purchasing representative.

For further information or questions, contact your Intel management sponsor.

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ADDENDUM D

EQUIPMENT SPECIFIC TERMS AND CONDITIONS - ALSO SEE THE COMMERCIAL HANDBOOK

1. MODEL, DESCRIPTION, SPEC, AND LEAD-TIME INFORMATION

DESCRIPTION -----	MODEL # -----	SPEC # -----	PRICE -----	LEADTIME -----
***	***	06-705 REV 0	***	***
***	***	06-705 REV 0	***	***
***	***	06-705 REV 0	***	***
***	***	06-705 REV 0	***	***
***	***	06-705 REV 0	***	***
***	***	06-705 REV 0	***	***
***	***	06-705 REV 0	***	***
***	***	06-705 REV 0	***	***
***	***	06-705 REV 0	***	***
***	***	06-705 REV 0	***	***
***	***	06-705 REV 0	***	***
***	***	06-705 REV 0	***	***
***	***	06-705 REV 0	***	***
***	***	06-705 REV 0	***	***
***	***	06-705 REV 0	***	***
***	***	06-705 REV 0	***	***
***	***	06-705 REV 0	***	***
***	***	06-705 REV 0	***	***
***	***	06-705 REV 0	***	***
***	***	06-705 REV 0	***	***

***TABLE 1: MODEL, DESCRIPTION, SPEC, AND LEAD-TIME INFORMATION. FOR BLU, RFS, ORION, PTC, AND ETC, REFER TO THE COMMERCIAL HANDBOOK.

A. Tiered pricing schedule for ***:

Systems 1-15	***
Systems 16-30	***
Systems 31-45	***
Systems 46-65	***
Systems 66-95	***
Systems 96-125	***
Systems >125	***

- 2. ***
- 3. ***

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TOTAL SUMMIT AND RFS HANDLERS UNDER WARRANTY AT SITE

YEAR 1	YEAR 2	YEAR 3	FSE SUPPORT PROVIDED UNDER WARRANTY
1-9	1-11	1-12	1 FSE (40 hrs/wk each, or 80 hrs/2 wks each for compressed work week)
10-20	12-22	13-24	2 FSE (40 hrs/wk each, or 80 hrs/2 wks each for compressed work week)
21-30	23-33	25-36	3 FSE (40 hrs/wk each, or 80 hrs/2 wks each for compressed work week)
31+	34+	37+	4 FSE (40 hrs/wk each, or 80 hrs/2 wks each for compressed work week)

4. CAPITAL EQUIPMENT PRICE LISTS - SEE ADDENDUM D SECTION 1 ABOVE. ALSO REFER TO THE COMMERCIAL HANDBOOK

*REFER TO THE COMMERCIAL HANDBOOK FOR RFS, ORION, BLU, AND OTHER SURVIVING AMENDMENTS 1-13 FROM CONTRACT #***.

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ADDENDUM E

TRAINING AND DOCUMENTATION REQUIREMENTS

- (a) Intel Governing Specification 20-254 revision 15 is incorporated by reference. It can be found at <http://tmgt.intel.com/tttools/index.htm> in the table "BKM Name" entitled "20-254 Spec".
1. The governing specification 20-254 revision 15 can be obtained by Commodity Manager or a representative from TMG-T.
2. TRAINING
- (a) Buyer's training and documentation representative may audit each class once per year as described in 20-254 rev 15 at no cost.
- (b) Seller will provide one (1) pilot delivery for each new training class described in 20-254 to the Buyer for up to six (6) students at no cost.
- (c) Seller will provide a Training Tool during all training sessions that will reside in North America.
- (d) Seller will deliver On-Buyer site classes to meet factory shift requirements as required per site.
- (e) One (1) day equals eight (8) hours of instruction time.
- (f) Buyer is responsible for all travel, lodging expenses, and per diem for Seller's instructor.
- (g) Course cancellation policy
- (i) Buyer has the right to cancel any confirmed class up to "5" business days prior to class start date in the US, "10" days at non-US site, without penalty. If the Buyer cancels the confirmed class within "5/10" days prior to class start date, the Buyer will pay actual documented incurred cost.
- (ii) Seller has the right to cancel any confirmed class up to "10" business days prior to class start date without penalty. If the Seller cancels the confirmed class within "10" business days or misses the confirmed class date, the Seller will deliver the next class at no cost.
- (h) Assembly/Test Course Training Cost N/A
- (i) On Buyer's site cost per class (containing up to six (6) students) equals X multiplied by the number of course days.
- (iii) On Seller's site cost per class (containing up to six (6) students) equals X multiplied by the number of course days.
- (i) Seller to work with Buyer on jointly agreed internalized Assembly/Test Course Training classes per buyer request.

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ADDENDUM F

REFER TO THE LATEST COMMERCIAL HANDBOOK - SPARES PRICE LIST

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ADDENDUM G
SERVICES AND TRAINING PRICING

13. SERVICE PRICING

Service pricing for out-of-warranty or additional service

SERVICES -----	***	***	***	***
	---	---	---	---
Dedicated FSE (terms subject to negotiation)	***	***	***	***
Hourly: Monday-Sunday, 8:00a-5:00p	***	***	***	***
Hourly: Monday-Sunday, Holidays, Overtime (40+ hours per week and/or 8+ hours per day) 5:00p-8:00a	***	***	***	***
Minimum billing	***	***	***	***
Travel time	***	***	***	***
Transportation/ Lodging	***	***	***	***
Per Diem	***	***	***	***
On-call Support: 7x16 (1st and 2nd shift)	***	***	***	***
On-call Support: 7x24	***	***	***	***
Training: @ Delta Factory 40 hrs (Level 1,2)	***	***	***	***
Training: @ Delta Factory 80 hrs (Level 3)	***	***	***	***
Training: On-site 40 hrs (Level 1,2)	***	***	***	***
Training: On-site 80 hrs (Level 3)	***	***	***	***

*TRAVEL/RELATED EXPENSES: Travel/Related Expenses to be quoted separately: Where applicable, no reimbursement for travel and travel-related expenses will be made by Intel for such expenses in excess of Intel's Travel Service guidelines. Travel arrangements and /or guidelines will be furnished to Supplier upon request.

2. Training - Refer to Addendum E

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ADDENDUM H

THIRD PARTY TECHNOLOGY ESCROW

- A. Buyer shall have the option to exercise the provisions of this addendum only if, during at least one fiscal quarter, Seller's operating results yield a score of 3.0 or less in the Altman Z-Score Bankruptcy Predictor model.
- B. Upon the request of Buyer, Seller will, at its sole cost and expense, deposit copies in electronic format of any and all engineering drawings, proprietary information, technical documentation, know how, specifications and the like, as may be required by Buyer for the support, operation, maintenance and manufactured of all Items by Buyer, or a third party contractor of Buyer, ("Deposit") with a third party escrow holder ("Escrow Holder") approved in advance by Buyer. As a condition to approval by Buyer, the Escrow Holder must be generally engaged in the business of acting as an Intellectual property escrow holder and if required by law, licensed to act in such capacity. The escrow agreement for the Deposit shall name Buyer as beneficiary and shall provide for the release of the Deposit to Buyer upon the occurrence of any of the following release conditions ("Release Conditions"):
- (1) Any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding is commenced by or against Seller, and if such case or proceeding is not commenced by Seller, it is not dismissed within sixty (60) days from the filing thereof; or
 - (2) Seller fails to continue to do business in the ordinary course, as such business relates to the goods and services to be provided under this Agreement; or -
 - (3) Seller becomes insolvent or generally fails to pay, or admits in writing its inability to pay, its debts as they become due; or
 - (4) Seller applies for or consents to the appointment of a trustee, receiver or other custodian for Seller, or makes a general assignment for the benefit of its creditors; or
 - (5) Seller is unable or unwilling to perform its obligations under the Agreement due to a condition set forth above for a period of sixty (60) days or more ; or .
 - (6) Seller breaches any of its service obligations under the Agreement including, but not limited to, maintenance, repair, continuous improvement, upgrades and modifications of Items and does not cure such breach within sixty (60) days after receiving written notice thereof by Buyer.
- C. Upon the release of the Deposit to Buyer, Seller grants to Buyer a non-exclusive, world-wide, irrevocable, fully paid up, royalty-free, perpetual license under Seller's Intellectual Property (including trade secrets, copyrights and patents, if any) embodied in the Deposit to:
- (i) use, reproduce, display, perform, make derivative works of, incorporate in Items and distribute internally but solely in conjunction with the maintenance, repair, improvement, upgrade and modification of Items by Buyer, or a third party contractor of Buyer, and
 - (ii) to make, have made, use, sell, offer to sell or import Items which employ or incorporate Seller's Intellectual Property for use internally by Buyer. Buyer shall be required to maintain the confidentiality of the released materials while in its possession. Upon written request of Seller, at such time as Seller shall have remedied the Release Conditions under which the Deposit was released to Buyer, Buyer shall promptly return the Deposit to the Escrow Holder. At such time, the license granted above shall terminate, except for any license granted to a third party by Buyer for the unexpired portion of any existing agreement with the third party or any use or right exercised by Buyer during the period that Buyer was in possession of the Deposit.

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ADDENDUM I

SPARE PARTS CONSIGNED INVENTORY PROGRAM

* * *

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ADDENDUM J

FSE CURRICULUM SUMMARY AND PRICING

(INCLUDES BUT NOT LIMITED TO THE SKILLS OR ACTIVITIES LISTED BELOW)
(SKILLS AND EXPECTATIONS ARE GENERIC AND MAY VARY DEPENDING UPON TOOL
APPLICABILITY)

FIELD SERVICE ENGINEER SKILLS AND EXPECTATIONS:

Apply appropriate equipment specific safety procedures rigorously. Identify and describe hazards and safety procedures for acids, solvents, pressurized and inert gases, cryogenics related to the equipment set. Describe the mechanical, electrical (EEW), vacuum, pneumatic, hydraulic, and thermal hazards and the associated safety procedures for the equipment set. Apply ergonomically correct methods for lifting and handling of equipment and equipment components. Recognize and describe the use of emergency shut off switches, interlocks and valves for the machines in the equipment cluster/set. Describe the correct hot work safety procedures. Correctly handle reactive gases, acids, solvents, pressurized and inert gases at point of use, specific to the equipment set. Describe MDA and safety system leak detection. Use PM checklists correctly. Enter necessary equipment data into CEPT, or equivalent system, correctly including sub-assembly and repair data. Generate CEPT status reports. Use MS Word to edit specs. Use station controller appropriately to handle PMs and software. Access stores ordering system to obtain necessary spares and other parts. Perform daily and weekly PMs as defined for equipment set. Recognize and react accordingly to alarms and error codes. Display knowledge of software and controls specific to the process tools in the equipment set. Ensure machine quality standards are met before returning machine back to production by performing appropriate monitors. Use simple measurement tools in a documented procedure. Use basic hand tools properly as defined for the equipment group. Perform automatic system alignments/adjustments per specifications. Run standard machine monitors. Operate optical measurement equipment. Assist in major PMs. Perform scheduled preventative maintenance. Demonstrate knowledge of facilities and sub-systems of the process tools in the equipment set. Attain basic theoretical knowledge of the equipment in the set. Understand the impact of the equipment variables on the process. Certified to perform CPR and First Aid, has received Electrical Safety Training, (if in U.S. must meet OSHA Requirements), has read and understands Intel Electrical Safety Procedures, understands Control of Hazardous Energies and Lock Out Tag Out (LOTO) procedures.

Update PM checklists with expert supervision. Demonstrate proficiency in electrical skills with regard to working within EEW procedures. Troubleshoot basic transport problems i.e. shuttle cassette not sitting on elevator properly. Make decisions involving interactions of facility and sub-assembly. Perform monthly and quarterly PMs as defined for equipment. Perform tasks according to safety system requirements. Use data acquisition station controllers. Interpret CEPT data to solve problems. Use spreadsheets and operating systems. Troubleshoot standard station controller problems (if required). Maintain equipment as certified from supplier operations and maintenance classes. Troubleshoot using complex RFCs and schematics. Know how all sub-systems are integrated. Assist with improvements and upgrades. Participate in RFC development.

Suggest and maintain safety improvements. Maintain equipment as certified by supplier and maintenance and troubleshooting classes. Interact with suppliers and support groups. Write PM specifications and RFCs. Apply advanced troubleshooting methods. Participate as the experts in the implementation of equipment improvements. Work with suppliers and facilities to install new equipment. Perform semi-annual and annual PMs.

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ADDENDUM K

SUPPLEMENTAL PROVISIONS

EXCLUSIVITY

In consideration for Buyer's contribution to the design and development of the (insert Tool description or project name), Seller agrees not to sell, offer to sell or sample the (insert Tool description or name) or any other equipment that uses the design or developments in the (insert Tool description or project name) to any 3rd party without Intel's express written consent for a period of X months (insert time duration TBD mutually agreed upon depending on the project) from the Effective Date of the Amendment (the "Exclusivity Period").

ROYALTY

In consideration for Buyer's contributions to the design and development of the (insert Tool description or project name), the Seller agrees to pay Buyer a running royalty equal to X% (mutually agree upon depending on the project) X percent of the gross revenues (excluding sales to Buyer) generated by Seller from the sale (insert Tool description or project name) after the Exclusivity Period. Royalties shall accrue quarterly and be payable within thirty (30) days after the end of each quarter. Buyer has the option to receive a credit for the royalties for application to future orders, extended warranties, or other options selected at Buyers discretion.

RIGHT OF FIRST REFUSAL

After the Exclusivity Period, Seller agrees that Buyer shall have the right of first refusal ("ROFR") on Seller's manufacturing capacity to purchase (insert Tool description or project name). In each case, Seller will notify Buyer in writing in advance of the delivery timeframes for the (insert Tool description or name) available to Buyer under the ROFR, and Buyer will have thirty (30) days after the receipt of the notification to issue a Release for such (insert Tool description or project name). The ROFR for any (insert Tool description or project name) for which Buyer does not issue a Release within the thirty (30) days shall expire.

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ADDENDUM L
LIMITATION OF LIABILITY

Except as expressly provided hereafter, Seller shall not be liable to Intel for any punitive, special, incidental, or consequential damages (including any damages resulting from loss of use, loss of data, loss of profits, or loss of business) arising out of or in connection with this Agreement, even if Seller has been advised of the possibility of such damages, and regardless whether such damages arise in contract, tort, or otherwise. Notwithstanding the foregoing, nothing herein shall be construed to limit Seller's liability in any way for bodily injury or death to any person, physical damage to property or for any and all claims, demands or damages of any third party arising from the indemnity obligations of the Seller provided in this Agreement.

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CONFIDENTIAL TREATMENT REQUESTED: INFORMATION FOR WHICH CONFIDENTIAL TREATMENT
HAS BEEN REQUESTED IS OMITTED AND NOTED WITH "****." AN UNREDACTED VERSION OF
THIS DOCUMENT HAS BEEN SUBMITTED SEPARATELY TO THE SECURITIES AND EXCHANGE
COMMISSION.
TI No: 0005-05021

Page 1 of 10

TEXAS INSTRUMENTS INCORPORATED
CORPORATE PURCHASE OPTION AGREEMENT

SELLER: DELTA DESIGN INCORPORATED
12367 Crosthwaite Circle
Poway, CA 92064-6817

PURCHASER: TEXAS INSTRUMENTS INCORPORATED
7800 Banner Drive, M/S 3935
Dallas, TX 75251

EFFECTIVE PERIOD: APRIL 25, 2002 THROUGH DECEMBER 31ST, 2004

This Agreement sets forth the understandings reached by the parties to this Agreement during negotiations concerning the items and work listed herein. Delta Design Incorporated ("Delta") hereby grants to Texas Instruments Incorporated ("TI") a continuing option to purchase, in whole or in part, the items listed herein in accordance with the following terms and conditions.

1. TERM

The option set forth herein shall be valid for the Effective Period shown above unless sooner terminated as hereinafter provided. This Agreement can be extended by either party for three months through written notice (delivered or mailed prepaid) prior to the expiration of this Agreement. Deliveries may extend for six months thereafter.

2. GOODS

Delta shall provide the goods briefly described as automated semiconductor device handling equipment and related spares and accessories, and listed in Attachment A and Attachment B (which is attached hereto and by this reference made a part hereof) at the prices shown thereon.

3. QUANTITIES

- a) This Agreement is not a purchase order and does not authorize delivery of or payment for any goods.
- (b) The consideration for the option granted herein is the initial commitment of TI to purchase an estimated quantity of *** Castle LX handlers during the calendar year of 2002. TI further guarantees that Delta shall be the primary supplier of pick and place style test handlers, the exclusive supplier for pick and place handlers for all new product developments for all sites world wide excluding HIJI, and exclusive supplier for device dedication kits for Castle handlers conforming to the MAKE Y2K01 kit standard for the term of this agreement.
- (c) TI reserves the right to purchase pick and place handlers from existing suppliers in order to increase capacity for existing devices. If an existing device is running on both a handler from an existing supplier and a handler from Delta Design at the same location, TI will purchase all pick and place handlers necessary to increase capacity from Delta.

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- (d) Should TI exceed the initial commitment during the calendar year, Delta and TI shall review this agreement to determine if there should be a change in the pricing structure. Furthermore, Delta and TI agree to review quarterly the initial commitment and make necessary changes to the current pricing structure if based on the review it is agreed that TI will not be able to meet the initial commitment. Pricing structure changes may not
- (e) Seller agrees to the cancellation of the NRE-26000 charge on PO 4510122418. This charge was for the development of the Integrated Laser Marking System for the Castle EC. If TI should decide to deploy the Laser Marking System into production beyond the original unit to be shipped to under PO 4510122418 they agree to pay the NRE as part of the next order for a Laser Marking System.

4. PRICES

- (a) Prices herein are EX Works factory. Under Ex-Works factory the Seller fulfils his obligation to deliver when he has made the goods available at his premises to the buyer. Seller is not responsible for loading the goods or clearing the goods for export. Buyer bears all costs and risks involved in taking the goods from the seller's premises to the desired location.
- (b) Unless otherwise indicated herein, prices shall be firm for the term of this Agreement, provided downward adjustment will be made if savings accrue to Seller as a result of new technology, value engineering, or reduced costs of materials and labor.
- (c) Delta represents to TI that prices for goods sold hereunder shall be as low as the prices at which Delta is selling such goods at the same time to any other customers in the same or similar quantities under the same or similar terms and conditions.
- (d) If Delta reduces its prices to any other customer for any goods listed in Attachment A, quality and quantity considered, below the price then in effect for TI, TI shall receive the benefit of such a lower price in all shipments made after Delta reduces such price.
- (e) TI will not accept shipment at any increase in price above that indicated on this Agreement. Any decrease in general prices and/or materials similar to the items described in this Agreement shall automatically reduce the price thereof by a comparable percentage.
- (f) TI will audit this Agreement on a regular basis. A random series of TI purchase orders representing a range of product lines will be compared to the catalog prices to verify the agreed upon discounted price.
- (g) Prices are subject to change on an annual basis.
- (h) It is the responsibility of Delta to list the applicable discount on all quotes to TI. It is the responsibility of TI to exercise the agreed discount on the PO. If TI does not exercise the discount seller will invoice as per the PO and the discount will not be retroactive.

5. DELIVERY

- (a) The delivery dates indicated by TI for the articles, material or work to be supplied under this Agreement are of the essence.
- (b) Delta agrees that the goods shall be delivered to TI's dock on the dates set forth in the applicable purchase order(s), unless the parties agree otherwise in writing. In the event

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that any goods are not shipped in accordance with such delivery dates, Delta agrees to ship via air freight (or as directed by TI) and to pay for all extra costs.

- (c) Failure to meet agreed upon delivery date that is based on the standard lead times in attachment A shall be considered a breach of contract. Furthermore, Delta agrees to pay to TI penalties and damages imposed upon or incurred by TI for failure of Delta to deliver articles, materials, or work on such delivery dates. These penalties and damages shall not exceed the 50% of the value of the Purchase Order for the item(s) considered to be in breach of contract. Delta shall not be considered in breach of contract and therefore not liable for penalties and damages for any delay that caused by TI. TI must show proof of all damages to Delta. Delta is not responsible for in-transit delays. TI will advise Delta of carrier at the time of order.
- (d) Unless otherwise agreed in writing, Delta shall not make commitments for material or production in excess of the amount or in advance of the time necessary to meet TI's delivery schedule. It is Delta's responsibility to comply with this schedule, but not anticipate TI's requirements. Goods shipped to TI in advance of schedule may be returned to Delta at Delta's expense.
- -
- (e) If at any time prior to the delivery of an order TI reschedules that delivery for a later date the following terms shall apply. If the order is rescheduled to a date that is 4 weeks or less from the agreed ship date there shall be no charge. If the order is rescheduled to a date that is between 5 to 26 weeks TI agrees to pay a *** of the sales price of the order as a rescheduling fee. If the order is rescheduled to a date that is 27 or more weeks from the agreed ship date it will be considered a cancellation and be subject to the terms and conditions of the cancellation section of this agreement.
- (f) The goods shall be packaged in accordance with commercially acceptable standards, or to applicable TI specifications, to ensure safe arrival at TI's location.
- (g) If Delta is prevented from delivering, or TI is prevented from receiving the materials or articles referenced in a purchase order issued hereunder as a result of governmental actions or regulation, except as hereinafter provided, or of fires, strikes, accidents, and other unforeseeable causes beyond the control of either party, the obligation to receive or deliver shall be suspended for a reasonable time during which such causes continue to exist.

6. SPECIFICATIONS

Delta shall deliver the goods in accordance with Delta's published specifications, unless otherwise specified in TI's purchase order(s). Notice of any Delta requested changes or waivers in applicable specifications must be given to TI in writing and acknowledged by TI in writing prior to any deliveries being made of goods manufactured under revised specifications.

TI may change from time to time any of the drawings, specifications or instructions for work covered by any purchase order issued hereunder and Delta shall comply with such change notices. If such changes result in a decrease or increase in Delta's cost or in the time for performance, an adjustment in the price and time for performance may be made by the parties in writing, provided, however, that Delta notifies TI of the request for such adjustments within thirty (30) days after receipt by TI of the change notice.

7. RETURN MATERIAL AUTHORIZATIONS

Delta agrees to provide Return Material Authorizations (RMAs) within one (1) working day from the initial call from the TI buyer or his representative. TI agrees to return defective parts within 30 Days of receiving replacement parts or they may be billed for the additional parts.

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8. TERMS AND CONDITIONS

The terms and conditions governing each sale will be as set forth in this Agreement and any purchase order issued hereunder. Performance under this Agreement or any purchase order issued under this Agreement is expressly limited to the terms and conditions of this Agreement and the terms and conditions of the TI purchase order. In the event of a conflict between the terms and conditions of this Agreement and the terms and conditions of the TI purchase order issued under this Agreement, the terms and conditions of this Agreement will take precedence.

9. QUALITY

Delta agrees to maintain at least a *** ontime delivery rating in accordance with TI's rating system; if Delta fails to maintain either of these minimum ratings, and fails to correct such deficiencies within sixty (60) days after notification from TI, then TI may immediately terminate existing orders hereunder, in whole or in part, without any liability.

10. CANCELLATION

- a) Any cancellation by TI will be subject to the following terms. If the cancellations is 4 weeks or less prior to the agreed ship date TI agrees to pay *** of the sales price of all canceled non-custom items. If TI cancels an order between 5 to 12 weeks prior to the agreed ship date TI agrees to Delta pay *** of the price of all canceled non-custom items. If TI cancels an order between 13 - 26 weeks prior to the agreed ship date TI agrees to pay Delta *** of the sales price of all canceled non-custom items 27+ weeks they pay 0% of the price of all non-Custom items.
- b) If TI cannot meet the initial commitment in section 3 of *** machines, TI and Delta shall determine the actual cost incurred by Delta to meet the initial commitment in section 3 of *** and TI will pay these costs. An independent CPA may be employed to protect Delta sensitive information by providing TI with factual information to determine Delta Design expenditures on such equipment.
- c) If TI cancels an order or portion thereof for custom equipment under this agreement, TI and Delta shall determine the actual cost incurred by Delta for the canceled equipment and TI will pay these costs. An independent CPA may be employed to protect Delta sensitive information by providing TI with factual information to determine Delta expenditures on such equipment.

11. WARRANTY

Warranty for Equipment shall be one (1) year parts and labor for all electrical & mechanical components. On-site labor will be utilized only when component repair or replacement is not an option. Such labor warranty shall be for eight hours a day, five days a week, during normal business hours and expect for holidays recognized by Delta or TI. Warranty will commence upon final acceptance of equipment, not to exceed 30 days from the date of receipt of equipment by TI, unless such equipment is not accepted as of such date due to the fault of Delta.

12. TRAINING

Delta will provide unlimited available training slots at our in-house training facilities for regularly scheduled classes with each test handler or burn-in loader sold to TI at no additional cost. All classroom training will be at one of Delta's facilities. TI will be required to pay all expenses associated with travel, room and meals for the individuals attending the classes. On-site training will be priced in accordance with Delta's

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current price structure in Attachment C. and will include all travel, and travel related expenses as per attachment D.

13. FORCE MAJEURE

Delta shall not be liable for nonperformance or delays, which occur due to causes beyond its reasonable control. These causes shall include, but shall not be limited to, acts of God, acts of terrorism, wars, riots, strikes, fires, storms, flood, earthquake, shortages of labor or material, labor disputes, vendor failures, transportation embargoes, acts of any governmental or agency thereof, and judicial action. In the event of any such excused delay or failure of performance, the date of deliver shall be deferred for a period equal to the time lost by reason of the delay. Delta shall notify TI in writing of any such event or circumstance within a reasonable time after it learns of same.

14. PAYMENT TERMS

Payment terms shall be executed at 100% Net 30 days from date of shipment. If installation and buy-off (or certification) with agreed specification occurs after payment, TI then has proper recourse for full credit/reimbursement if workmanship or damages are identified.

15. NOTICES

Any notice, required or permitted to be given hereunder shall be in writing and shall be valid and sufficient if dispatched by registered or certified mail, postage prepaid, in any post office in the United States addressed as follows:

IF TO SELLER:

Delta Design Incorporated
12367 Crosthwaite Circle
Poway, CA 92064-6817
Attn: Brad Smith, TI Account Manager

IF TO BUYER:

Texas Instruments Incorporated
7800 Banner Drive, M/S 3935
Dallas, TX 75251
Attn: Mary K. Vaughan, Procurement Mgr.
Assembly/Test Capital Equipment

16. DEFAULT

In the event Delta is in breach of any of its obligations hereunder, TI may terminate existing orders without liability. The foregoing is in addition to any rights and remedies TI may have at law or in equity.

17. RELEASE OF INFORMATION

Delta shall not, without the prior written permission of TI, publicly announce or otherwise disclose, except to the U.S. Government when a purchase order references a U.S. Government contract or subcontract number, the existence of this Agreement or the terms hereof, or any purchase order placed hereunder, or release any publicity regarding this Agreement. This provision shall survive the expiration, termination or cancellation of this Agreement.

In the event that one party hereto wishes to disclose to the other party hereto information which it deems proprietary, the parties, prior to disclosure, shall execute a specific nondisclosure agreement regarding such information.

18. ENTIRE AGREEMENT

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This Agreement sets forth the entire understanding and agreement between the parties as to the subject matter of this Agreement and merges and supersedes all previous communications, negotiations, warranties, representations and agreements, either oral or written, with respect to the subject matter hereof, and no addition to or modification of this Agreement shall be binding on either party hereto unless reduced to writing and duly executed by each of the parties hereto.

IN WITNESS WHEREOF, both parties have signed and dated this document in the spaces provided below:

DELTA DESIGN INCORPORATED	TEXAS INSTRUMENTS INCORPORATED
By: _____	By: _____
Name: Brad Smith	Name: Mary K. Vaughan
_____	_____
Title: Account Manager	Title: Procurement Mgr. Assy/Test Capital Equipment
Date: _____	Date: _____

Attachments: Attachment A (Goods & Prices / Discounts)
Attachment B (Kit Discounts)
Attachment C (On-site Training Prices)
Attachment D (TI Reimbursement Guidelines)

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ATTACHMENT A

DELTA DESIGN, INC. GOODS AND PRICING / DISCOUNT MATRIX

ITEM	DISCOUNT	STANDARD LEAD TIME
Castle LX 7500 (Hot/Ambient)	***	***
Summit ATC	***	***
Summit PTC	***	***
Flex (All Models)	***	***
1688	***	***
Spares	***	***
Handler Kits	***	
Contactors	***	***
IHS500le/ IHS250le	***	***
IHS500le Kits	***	***

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ATTACHMENT B

TEXAS INSTRUMENTS HANDLER KIT DISCOUNT MATRIX

ITEM	DISCOUNT	STANDARD LEAD TIME
Castle LX/EC Y2K01	***	***
Castle LX/EC non Y2K01	***	***
Summit ATC	***	***
Summit PTC	***	***
Flex (All Models)	***	***
1688	***	***
Mounting Plates	***	***
Seal Adapters	***	***
Seal Blocks	***	***

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ATTACHMENT C
ON-SITE TRAINING PRICES

*On site charges include travel and expenses.	Domestic On Site Training	International On Site Training
Length of Course	***	***
Cost of Basic Course	***	***
Cost of Advance Course	***	***

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ATTACHMENT D

This document outlines Texas Instruments' ("TI") policy with Suppliers that relates directly to travel and similar reimbursable expenses which are covered in the Agreement. DELTA DESIGN, INC. ("DELTA") is requested to comply with these practices when billing for direct out-of-pocket costs.

1. Air transportation expenses: It is understood that TI will reimburse only for tourist/economy fares on domestic flights. Business class is reimbursable for international travel when it is in the best interest of TI, and when cost is not prohibitive. Trips should also be booked as far in advance as possible to qualify for special air fare promotions and discount fares; otherwise, when possible, unrestricted low-cost carriers should be used.
2. Lodging expense: It is understood that DELTA will use its best effort to work with the TI liaison or a TI employee DELTA is visiting to ensure DELTA are receiving TI'S special rate at certain major hotels.
3. Meal expenses: The reasonable cost of meals on overnight trips is allowed. When dining with TIers on overnight trips, separate checks should be requested. Entertainment, such as theater tickets and hotel room movies, are personal expenses and are not reimbursable. Meals and other entertainment expenses provided to TIers is part of DELTA overhead and is not reimbursable. Meals pertaining to travel on day trips are not billable to TI.
4. Alcoholic beverages: Alcoholic beverage costs which are reasonable business expenses are reimbursable. However, DELTA will need to separate all alcoholic beverage expenses and list them separately.
5. Tips: Tips are an acceptable expense if they represent customary and reasonable amounts for meals, porter, taxi, and similar services. Tips for meals must be included in the meal cost and tips for the ground transportation must be included in transportation costs. Tips to porters, bellhops, etc., should be listed as miscellaneous travel.
6. Laundry expense: Charges for laundry are reimbursable by TI if the trip exceeds five (5) days.
7. Car rental: Compact cars are to be rented when available in the U.S. and comparable models internationally. Reimbursement is not allowable for optional collision insurance when renting cars in the U.S. or Canada. Optional collision insurance purchased internationally is acceptable where obligatory. Fines for parking or traffic violations are not reimbursable expenses whether incurred in a rental car or while using one's personal automobile.
8. Local travel: The approved reimbursement rate for use of one's personal automobile is the maximum amount allowed by current IRS regulations. Local travel between the DELTA and TI as a normal part of doing business is not reimbursable.
9. Telephone expense: TI allows reasonable and customary personal telephone expenses while traveling. In those instances where approved business calls are charged to a personal telephone, the original bill must be submitted with an explanation for reimbursement.
10. Expense statements: Expense Statements should contain information pertaining to only one trip and must be prepared on a timely basis. Copies of airline tickets, hotel charges and any other expense in excess of *** must be included.
11. Office supplies: Office supplies including calendars and other such items are considered part of the SUPPLIER'S overhead and are not reimbursable.

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