

GENERAL TERMS

1. SCOPE AND APPLICABILITY

IPtronics Inc., a corporation duly incorporated under the laws of the State of California ("IPT"; Tax ID 26-1250720) is engaged in the sale of application specific integrated circuits for high speed applications in the communications, storage and computer industry and related products ("Products").

Unless otherwise expressly agreed in writing, only these General Terms ("Terms") shall apply between IPT and its customers ("Customers") to all sales of Products.

2. DELIVERY OF PRODUCTS AND FORECASTS

Products are delivered Ex Works (Incoterms 2000) IPT's address or IPT's contractor manufacturer as indicated in IPT's order confirmation. If IPT undertakes to engage a freight forwarder on Customer's behalf, the passing of risk and other consequences of the prescribed delivery term shall not be altered thereby. If IPT realizes that an agreed delivery date cannot be adhered to, IPT shall inform Customer and indicate the expected duration of the delay. IPT shall not be liable to Customer for any delay or loss during shipment. Customer shall be entitled to cancel the purchase of delayed Products without incurring any liability, if the Products have not been delivered within a reasonable grace period set by Customer.

If Customer requires continuous deliveries of Products, Customer shall by the fifth business day of each month provide IPT with a good faith forecast of the Products for which it anticipates requiring delivery during each of the ten subsequent months commencing with the third month in the future. IPT shall not be obliged to accept new orders.

3. SPECIAL CONFIGURATIONS OF PRODUCTS

If Customer requests special configuration of IPT's Products ("Configurations"), IPT shall ensure that ordered Configurations are performed conscientiously and with the optimum utilization of the expertise at IPT's disposal. If a budget has been agreed, IPT shall obtain Customer's consent before incurring costs that can reasonably be expected to exceed the total budget. During the performance of Configurations, IPT shall produce periodic information (usually bi-weekly), containing a summary of the type of work performed and results achieved, as well as an assessment of the progress made towards completion of the Configuration. If it becomes apparent that a milestone or deadline will be exceeded to any significant extent, IPT shall inform Customer. If either party decides that it no longer wishes to continue with a configuration process, it shall so notify the other party and the parties shall meet to work out a wind down and termination of the configuration process. IPT SHALL NOT BE LIABLE IN THE EVENT OF DELAYS NOR IF THE OBJECTIVE OF THE CONFIGURATION IS NOT OBTAINED.

4. INTELLECTUAL PROPERTY RIGHTS ("IPR")

IPT shall own and retain all patents, patent applications, mask work rights and such other technology, trade secrets, information and know-how as IPT shall from time to time own, develop or acquire. IPT's IPR shall include all designs, methodologies, trade secrets, materials, processes related to the Products and any Configuration thereof. All intellectual property resulting from the parties' cooperation in creating any Product or Configuration thereof shall be owned by IPT and shall constitute IPT's IPR.

5. CONFIDENTIALITY

Any information, such as, but not limited to, information on intellectual property, products, processes, technology, results, materials, designs, prices, and any physical material of a party that is (i) indicated to be confidential, and either (ii-a) marked "confidential" or (ii-b) confirmed in writing within 10 days to be confidential, or (iii) obviously of a confidential nature to the receiving party, shall be treated and maintained as confidential by the receiving party. Information that is, or without breach of the above obligations becomes, part of the public domain; information already in the possession of a party; information received

from a third party who was entitled to disclose such information; and information independently developed, shall be excluded as confidential information.

Always subject to the duty of confidentiality, the parties may use each other's confidential information for purposes within their publicly known field of business, unless the confidential information has been marked "special confidential information" and the parties prior to its disclosure have agreed specific limitations of use in writing. However, Customer shall not without prior written consent be entitled to use IPT's confidential information for purposes other than what is necessary for utilizing IPT's Products or Configurations.

The duty of confidentiality shall last for 5 years after each disclosure, unless a longer duration has been agreed in writing prior to disclosure. Notwithstanding the foregoing sentence, the above obligations of each party to keep confidential and refrain from using any trade secret of the other party shall remain in effect for as long as such information shall remain a trade secret under applicable law.

IPT may currently or in the future be developing information internally, or receiving information from other parties that may be similar to Customer's information. Accordingly, nothing in these Terms shall be construed as a representation or inference that IPT will cease to develop products or offer Configurations that, without violation of these Terms, compete with products contemplated by Customer's information.

Unless otherwise agreed, IPT shall be entitled to state Customer's name in IPT's list of references.

6. PRICES AND PAYMENT

All prices are exclusive of any applicable sales or value added taxes as well as transportation and insurance charges. Such taxes and charges will be stated separately on invoices. If Customer is compelled by law to deduct or withhold any amount from any payment to IPT, then Customer shall pay IPT such additional amounts as may be necessary to ensure that IPT receives a net amount equal to the full amount it would have received had the payment not been subject to such deduction or withholding.

Configurations shall be paid for according to (i) an agreed payment schedule with respect to lump sums or, in the absence thereof, (ii) monthly invoices based on IPT's rates plus expenses incurred for materials, travel, deliveries from sub-suppliers, etc.

Prices and rates may be adjusted in accordance with price trends once a year as of 1st January.

All payments shall be effected in the quoted currency no later than 30 days from the date of the invoice. In the event of delayed payment, IPT shall be entitled to withhold or cease pending deliveries or Configurations. Simultaneously, all outstanding amounts shall fall due regardless of previously granted terms of credit. Any amount not paid when due shall accrue a late payment charge of 1.5% per month or the highest rate allowed by law, whichever is lower. Until payment has been received in full by IPT, title to the Products shall remain with IPT, and IPT shall, in addition to all other rights and remedies available to it, be entitled to recover possession of the Products.

7. SECURITY FOR CONTINUED SUPPLY

If IPT fails to have manufactured and to offer to sell Products, which are subject to a volume purchase commitment from Customer accepted by IPT, and such failure continues for 3 months beyond Customer's notice to IPT of such failure, then Customer shall thereafter have an option, exercisable during the subsequent 3 months after Customer's notice, to obtain a license to have such Products, utilizing IPT's IPR, fabricated for Customer by IPT's contract manufacturer, subject to Customer paying IPT a royalty for each Product calculated as a reasonable percentage of the price which Customer most recently paid IPT for the Product, such percentage to be agreed by the parties. If IPT overcomes such failure and is again able to offer to sell the

GENERAL TERMS

Product, then the license described in this section shall be revoked, however allowing Customer to complete any purchases pending at the time of such revocation.

8. REGULATORY COMPLIANCE AND RESTRICTION

The Product may be subject to laws and regulations related to the export of technical data and products produced from such data. Customer shall not, without fully complying with all applicable laws and regulations export any Product, allow any Product to be exported or transfer any Product to any person or entity that engages in the research or production of military products, armaments or any instruments of warfare, including biological, chemical and nuclear warfare.

At Customer's request and expense, and to the extent the issue addresses an Product, IPT will take all commercially reasonable effort to cooperate with and assist Customer with respect to any permit or approval required to import or sell any product containing a Product, but ultimately Customer shall be fully responsible for obtaining all applicable approvals and requisites for importing and selling its products.

Customer shall only sell or otherwise transfer the Product when it is integrated into a product manufactured by or for Customer and Customer shall not sell any Product as a stand-alone item.

9. WARRANTY AND DISCLAIMER OF WARRANTIES

PRODUCTS SOLD AS OR MARKED "PROTOTYPES", "UN-TESTED DIES", "PRE-PRODUCTION" OR "PRE-QUALIFIED" ARE SOLD "AS IS" AND WITHOUT ANY WARRANTY WHATSOEVER.

IPT warrants that for one year after the delivery date for a Product, it shall, as IPT's sole obligation and at IPT's sole option as to which remedy, repair, replace or refund the purchase price of a Product that shall prove to be defective in material or workmanship under normal and intended usage or that shall be found not to be compliant with the agreed specifications for the Product. This warranty shall not cover the cost of labor by Customer's own employees, agents or contractors in identifying, removing or replacing any defective Product.

Customer must obtain a return material authorization ("RMA") from IPT prior to returning any Product. Customer shall ship all returns freight prepaid. IPT will prepay return freight charges on replaced Products found to be defective. Returned replaced Products shall become the property of IPT.

The warranty provided herein does not cover damage, defects, malfunctions or service failures caused by:

- Customer's failure to follow IPT's environmental, installation, operation or maintenance specifications or instructions;
- Customer's mishandling, abuse, misuse, negligence, or improper storage or operation of any Product, including without limitation use with incompatible equipment;
- damage in shipment of any Product after delivery by IPT; or
- power failures, surges, fire, flood, accident, actions of third parties or other events outside IPT's control.

Except as specifically set forth in this Agreement, IPT SELLS PRODUCTS WITHOUT ANY ADDITIONAL WARRANTY WHATSOEVER, AND THE PARTIES EXPRESSLY EXCLUDE ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE PRODUCTS, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. IPT ALSO SPECIFICALLY EXCLUDES ALL WARRANTIES OF NON-INFRINGEMENT WITH RESPECT TO THIRD PARTY RIGHTS.

The Product is not designed or intended for use in hazardous environments requiring fail-safe performance, including without limitation, in the operation of nuclear facilities, aircraft navigation or communication systems, air traffic control, weapons systems, direct life-support machines, or any other application in which the failure of the Products could lead directly to death, personal injury, or severe physical or

property damage (collectively, "High Risk Activities"). IPT expressly disclaims any express or implied warranty of fitness for High Risk Activities.

10. INDEMNIFICATION

Subject to IPT's overriding right to resolve any infringement issue pursuant to any of the alternatives set forth below and to the exceptions set forth further below, as long as Customer provides IPT with prompt written notice of such claim or action, offers IPT sole control and authority over the defense or settlement of such claim or action, including all appeals, and provides complete information and reasonable assistance to defend or settle such claim, IPT shall, at IPT's own expense, defend or settle, at IPT's option, any claim, suit, action and proceeding brought by any third party (a "Claim") against Customer alleging that any Product, as used by Customer strictly within the scope and in the countries contemplated by this Agreement, infringes any European Union member state, U.S. or Japanese patent issued no later than 3 months prior to the Effective Date and shall indemnify Customer against damages and costs, including reasonable legal fees, that a court finally awards against Customer, or Customer reasonably incurs, to the extent resulting from any such claim or action. Customer's failure to give IPT prompt notice of a Claim shall not relieve IPT of its obligation to indemnify Customer except to the extent such failure shall have materially impaired IPT's ability to defend against the Claim or mitigate losses and damages. Customer may have counsel present at Customer's expense and shall be permitted to participate in the defense of the claim and all related settlement negotiations except to the extent IPT's counsel finds such participation to be distracting or counterproductive. Moreover, where Customer is a party to the claim or a defendant, no settlement of any such matter which admits any liability on behalf of Customer or imposes on Customer any obligation other than the payment of amounts subject to indemnification by IPT shall be made by IPT without the written approval of Customer, which approval shall not be unreasonably withheld. Customer shall, to the extent practicable, provide IPT with all reasonably necessary assistance, information and authority to perform the above procedures.

If any Product becomes, or in IPT's opinion is likely to become, the subject of any Claim, Customer shall permit IPT, at IPT's option and expense, to: (i) procure for Customer the right to continue using the Product; (ii) replace or modify the Product so that it becomes noninfringing; or (iii) terminate Customer's right to use the Product, in which case Customer shall promptly return the Product to IPT, and IPT shall refund to Customer the purchase price Customer paid for the Product if this remedy is utilized in the first three years after Delivery and thereafter an amount depreciated from the Delivery date on a straight-line 60 month basis.

IPT shall have no liability for any claim of patent, copyright or trade secret infringement that is based on: (i) use of other than the latest version of the Product, if such infringement could have been avoided by the use of the latest version; (ii) use or combination of any Product with any other material, item or system (including but not limited to contributory infringement), (iii) use of any Product in a manner other than that for which it was designed or contemplated as evidenced by the specifications; (iv) any modification by Customer or a third party of any Product that has not been authorized or recommended by IPT; or (v) any compliance with designs, plans or specifications furnished by Customer or on Customer's behalf.

THIS ARTICLE STATES THE ENTIRE LIABILITY OF IPT AND CUSTOMER'S SOLE AND EXCLUSIVE RIGHT TO RECOVER WITH RESPECT TO INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHT, AND IPT SHALL HAVE NO ADDITIONAL LIABILITY WITH RESPECT TO ANY ALLEGED OR PROVED INFRINGEMENT.

GENERAL TERMS

UNLESS EXPRESSLY AGREED IN WRITING, IPT DISCLAIMS ANY LIABILITY WITH RESPECT TO INFRINGEMENT OF THIRD PARTY'S INTELLECTUAL PROPRIETARY BY IPT'S CONFIGURATIONS.

11. LIMITATIONS OF LIABILITY

IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY UNDER THIS AGREEMENT FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS OR BUSINESS INTERRUPTION, LOSS OF DATA OR LOSS OF USE OF SERVICES, BASED ON PRINCIPLES OF CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY OR OTHER TORT, BREACH OF ANY STATUTORY DUTY, INDEMNITY, PRINCIPLES OF INDEMNITY OR CONTRIBUTION, IN CONNECTION WITH THIS AGREEMENT, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, NOR SHALL IPT BE LIABLE FOR THE COST OF PROCUREMENT OF ANY SUBSTITUTE PRODUCT. NOTHING IN THIS ARTICLE IS INTENDED IN ANY WAY TO LIMIT ANY RECOVERY OTHERWISE AVAILABLE FOR A VIOLATION OF EITHER PARTY'S RIGHTS IN TRADE SECRETS, TRADEMARKS, PATENTS OR COPYRIGHTS.

NOTWITHSTANDING THE FOREGOING LIMITATIONS AND EXCEPT SPECIFICALLY FOR EITHER PARTY'S LIABILITIES WITH RESPECT TO BREACH OF CONFIDENTIALITY, FOR INFRINGEMENT OF THE OTHER PARTY'S INTELLECTUAL PROPERTY AND FOR CUSTOMER'S LIABILITY FOR PAYMENT FOR PRODUCTS AND CONFIGURATIONS, IN NO EVENT SHALL EITHER PARTY'S CUMULATIVE LIABILITY UNDER THIS AGREEMENT EXCEED THE AMOUNT THAT IPT RECEIVED FROM CUSTOMER UNDER THIS AGREEMENT DURING THE SIX MONTHS PRECEDING THE CLAIM GIVING RISE TO THE IMPOSITION OF SUCH LIABILITY.

12. PRODUCT LIABILITY

CUSTOMER SHALL BE ENTIRELY RESPONSIBLE FOR THE USE TO WHICH IT PUTS THE PRODUCTS OR THE CONFIGURATIONS. For personal injuries and damage to consumers' goods, IPT remains liable in accordance with applicable mandatory laws, however, IPT disclaims all liability for damage arising from the fact that recognized scientific and technical expertise used later proves to be incorrect or defective. CUSTOMER SHALL, NONETHELESS, INDEMNIFY IPT FOR ANY LOSS OR DAMAGE RESULTING FROM CUSTOMER'S, ITS EMPLOYEES' AND ITS CUSTOMERS' USE OF PRODUCTS AND CONFIGURATIONS, OR CAUSED BY PRODUCTS OR CONFIGURATIONS, INCLUDING PRODUCT LIABILITY.

13. FORCE MAJEURE

Neither party shall be liable for any failure to meet any obligation under this Agreement as the result of any cause beyond its reasonable control, including, without limitation, lockouts, labor disruption, fire, riots, accidents to machinery, war, material shortages, failure by any supplier or vendor, bad weather or any other cause generally referred to as a force majeure.

14. VARIOUS PROVISIONS

All obligations, liabilities and limitations that, by their nature, are intended to survive expiration or termination shall remain in effect beyond any expiration or termination.

Except for the right to receive payments, rights and obligations of the parties can not be assigned.

15. DISPUTES

California law shall govern this Agreement. The parties submit to the non-exclusive jurisdiction of the state and federal courts in Santa Clara County, California. The parties specifically exclude the application of the United Nations Convention on Contracts for the International Sale of Goods.