

MICREL, INCORPORATED STANDARD TERMS AND CONDITIONS

Acceptance and Applicability. These terms and conditions of sale and those on the reverse side hereof apply to all contracts of sale entered into by MICREL INCORPORATED ("Seller"). Notwithstanding that these terms and conditions may conflict with certain terms and conditions specified by Buyer in Buyer's order form, or otherwise, Seller's acceptance of Buyer's order is on the condition that only the terms and conditions set forth herein shall apply to the order. Any term, provision or condition in conflict with, or in addition to or in modification of any of the terms and conditions herein shall not be binding upon Seller unless such term, provision or condition is accepted in writing by an authorized officer of Seller. Seller's failure to object to any term or condition contained in any communication from Buyer shall not be deemed a waiver of the terms and conditions herein.

All orders or contracts must be approved and accepted by Seller at its home office. These terms shall be applicable whether or not they are attached to or enclosed with the products to be sold or sold hereunder. Prices for the items called for hereby are not subject to audit.

Prices. The prices quoted hereon shall be valid for the period of time indicated on reverse hereof and the price at which an order is accepted shall be as shown on Seller's acknowledgment. The prices quoted for the items described on said acknowledgment are firm and not subject to audit or price re-determination.

Any balance remaining undelivered on any order after 18 months from order receipt date may, at Seller's option, be canceled.

Taxes. Unless otherwise agreed upon in writing or required by law, all prices will be quoted and billed exclusive of federal, state and local excise, sales and similar taxes. Such taxes when applicable, will appear as additional items on invoices. If exemption from such taxes is claimed, Buyer must provide a certificate of exemption at the time the purchase order is submitted to Seller.

Terms of Payment. All invoices are due and payable 30 days from date of invoice. Seller reserves the right to require payment in advance or C.O.D. and otherwise to modify credit terms. When partial shipments are made, payments shall become due in accordance with the designated terms upon submission of invoices. Seller reserves the right to add a monthly service charge allowed by law. Seller may accept partial payment in an amount less than the full amount of any invoice, but such acceptance shall not constitute a waiver of Seller's right to collect the remaining balance, notwithstanding Seller's endorsement of a check or other instrument.

If, in the judgment of MICREL, the financial condition of the Buyer at any time does not justify continuation of Production or shipment on the terms of payment originally specified, MICREL may require full or partial payment in advance and MICREL may suspend delivery without incurring any liabilities whatsoever to the Buyer. In the event of the bankruptcy or insolvency of the Buyer or in the event any proceeding is brought by or against the Buyer under bankruptcy or insolvency laws, MICREL shall be entitled to cancel any order then outstanding and shall receive reimbursement for its cancellation charges, without waiving its claim for damage or other remedies.

Overdue payments shall be subject to finance charges computed at a periodic rate (to the extent permitted by law) of 1 1/2% per month (18% per year).

Each shipment hereunder shall be a separate and independent transaction and shall be invoiced separately and Buyer shall pay for each shipment separately and as invoiced. If shipments are delayed by Buyer without Seller's prior

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written consent, payments shall become due on the date when Seller is prepared to make shipment. Products held for buyer shall be at the risk and expense of Buyer. The Seller reserves the right to ship to its order and make collections by sight draft with bill of lading attached.

Initial Defect Return Policy. All returns must be made within thirty (30) days of ship date. No returns will be accepted after thirty (30) days. Micrel must be notified and an RMA (Return Material Authorization) number must be obtained prior to any returns, or material will not be accepted.

Title and Delivery. All domestic shipments are made F.O.B (Incoterms 2000), Seller's factory, or such other facility designated by Seller. All international shipments are made Ex Works (Incoterms 2000), Seller's factory, or such other facility designated by Seller. Any exceptions to these shipping terms must be agreed to in writing by Seller. Unless otherwise instructed in writing, Seller shall ship by the method which it deems most advantageous. Transportation will be collect, or if prepaid, will be subsequently billed to Buyer. Title shall pass to Buyer and Seller's liability as to delivery shall cease on delivery of products to carrier at Seller's facility, regardless of any provisions for payment of freight or insurance or the form of shipping documents. If shipments are consigned to Seller or Seller's order, it shall be for the purpose of securing Buyer's obligation under the contract only. Risk of loss or damage in transit will rest with the Buyer. All claims for loss or damage must be filed with carrier. Claims against Seller for shortage occurring before delivery to carrier shall be waived unless made within ten (10) days after delivery of shipment to Buyer. Notwithstanding any instruction from the Buyer, Seller shall have no obligation to ship via carrier which does not comply with applicable U.S. law.

Contingencies. All shipping dates and quantities are approximate. Seller will use commercially reasonable efforts to fill all orders according to the agreed schedule and quantity.

Seller shall not be responsible for any failure to perform resulting from unforeseen circumstances or causes beyond Seller's control. Examples of such causes include, but are not limited to, revolution or other disorders, wars, acts of enemies, strikes, lockouts, fires, floods, transportation delays or shortages, labor disputes, riots, insurrections, accidents, storms, inability to obtain materials or supplies, excessive demand for products over the available supply, customs duties or surcharges, any interruption for any reason in the manufacture of products by Seller's suppliers, any act of God, or the action of any government. In the event of any delay caused by such contingency, the date of delivery, shall at the request of the Seller, be deferred for a period equal to the period of the delay.

Intellectual Property. The Buyer shall hold Micrel harmless against any expense or loss resulting from infringement of any patents, trademark, trade secret, copyright, right in a mask work or other proprietary rights to the extent arising from compliance with Buyer's (or Buyer's customers') designs or specifications.

Except as otherwise provided in the preceding paragraph, Micrel shall defend any suit or proceeding brought against the Buyer so far as it is based on a claim that any Product, or any part thereof, manufactured by Micrel and furnished under this Agreement or any transaction pursuant to this Agreement constitutes an infringement of any patent of the United States, Canada, Japan or the European Union or any copyright, trade secret, trademark or right in a mask work, Micrel must be notified promptly in writing of any matter giving rise to a possible claim under this section, and given authority, information and assistance (at Micrel's expense) for the defense of same with counsel of Micrel's choice. Micrel shall pay all damages and costs awarded in any such proceedings against the Buyer, to the extent they are attributable primarily to the Products. If said Product or any part thereof is, in such suit, held to constitute infringement and the making, use and/or sale of said Product or part is enjoined, or said suit is settled on

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the basis of an undertaking to terminate such making, use and/or sale as is alleged to constitute an infringement, Micrel shall, at its own expense, and at its sole option, either procure for the Buyer the right to continue selling said Product or part, or replace same with non-infringing Product, or modify it so it becomes non-infringing, or refund the purchase price and the transportation costs thereof. Micrel shall not be liable to Buyer under any provision of this section if any patent, copyright, trademark or other infringement proceeding or claim is based upon: (i) a use by Buyer (or its customers) for which Product or part was not designated, (ii) an alteration of Product or part in question by Buyer or a third party under Buyer's (or its customers') direction and which alteration has caused the infringement action, or (iii) actions by Buyer in violation of this Agreement. The foregoing states the sole and exclusive remedy of Buyer and the entire liability of Micrel for infringement of patent or other proprietary rights by the said Products or any part thereof.

Micrel shall have no liability to indemnify Customer for any claim or action where: (i) infringement is attributable to Micrel's incorporation of Customer-supplied or Customer-specified designs or processes into the Product; (ii) such claim or action would have been avoided but for the combination, operation, or use of the Product with devices, parts, processes or software not supplied or not required by Micrel, including modifications made by Customer to the Product; and/or (iii) infringement is attributable to the process or method of making such Products.

Warranty and Sole Remedy. (Encapsulated integrated circuits only) For the applicable warranty period specified below, Seller only warrants that the products to be delivered hereunder will be free from defects in material and workmanship under normal use and service. Deviations from specifications which do not materially affect performance of the products covered hereby shall not be deemed to constitute defects of material or workmanship or a failure to comply with the specifications referred to herein. The obligations of Seller under this warranty are limited to replacing, repairing or giving credit for, at its option, any of said products which shall, within the warranty period, be returned as provided herein to the Seller, plus transportation charges prepaid and which are, after examination, disclosed to the satisfaction of Seller to be thus defective. Buyer acknowledges and agrees that the provisions of this warranty constitute the sole and exclusive remedy available to it with regard to said defective products.

Except for the express warranties provided in this section, all warranties whether express or implied, all guarantees and all representations as to performance, including all warranties which, but for this provision, might arise from source of dealing or custom of trade and including all implied warranties of merchantability or fitness for a particular purpose, with respect to the products furnished by Seller hereunder are hereby expressly excluded and disclaimed by Seller. No agent, employee or representative of Seller has any authority to bind Seller to any affirmation, representation, or warranty relating to the products other than as specifically provided herein.

The warranty provided for herein is subject to the following conditions:

- a. Products will be accepted by Seller for warranty claim verification only when returned by Buyer in condition which allows for suitable testing by Seller.
- b. When more than one type of product is returned, the products must be segregated by product type by the Buyer.
- c. Seller shall reimburse Buyer for shipping charges to the extent of the percent of the total returns that are found by Seller to be defective as specified herein.
- d. In no event shall Seller be liable for any defective products if examination discloses that the defective condition of such products was caused by misuse, abuse, improper installation or application, improper maintenance

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or repair, assembly by other than Seller, alteration, accident or negligence in use, storage, transportation, or handling.

e. Unless otherwise agreed in writing, any returned products determined by Seller to have been destroyed or altered by Buyer will not be covered by this warranty.

f. This warranty shall exist for a period of twelve (12) months from the date of shipment by Seller, in the case of encapsulated semiconductor devices, and no other warranty period is expressed or implied.

UNDER NO CONDITIONS DO ANY OF THE ABOVE WARRANTIES APPLY TO USE OF THE PRODUCTS PURCHASED IF USED IN LIFE SUPPORT SYSTEMS OF ANY TYPE. MICREL PRODUCTS ARE NOT DESIGNED OR AUTHORIZED FOR USE AS COMPONENTS IN LIFE SUPPORT APPLIANCES, DEVICES OR SYSTEMS WHERE MALFUNCTION OF A PRODUCT CAN REASONABLY BE EXPECTED TO RESULT IN PERSONAL INJURY. BUYER'S USE OR SALE OF MICREL PRODUCTS FOR USE IN LIFE SUPPORT APPLIANCES IS AT BUYER'S OWN RISK AND BUYER AGREES TO FULLY INDEMNIFY MICREL FOR ANY DAMAGES RESULTING IN SUCH USE OR SALE.

Die Warranty. Seller warrants unpackaged die of its manufacture against defective materials or workmanship for a period of ninety (90) days from date of shipment. This warranty for die sales does not extend to die which have been affixed onto a board or substrate of any kind. Buyer acknowledges that electrical testing of such die is limited to DC testing at 25 degrees centigrade, unless otherwise specified. As such, data sheet specifications for packaged and tested products do not apply to die sales and are not guaranteed by Seller unless otherwise specified. Buyer assumes all responsibility for successful die prep, die attach and wire bonding processes. Due to the unprotected nature of Seller's die-level products, Seller assumes no responsibility for environmental effects on die. All die are subjected to commercial visual inspection.

Product Discontinuance. Seller reserves the right to discontinue production of any product at any time without notice except for that quantity of product for which Seller has received and acknowledged a purchase order from Buyer and has scheduled such product for shipment within six (6) months of the date of such acknowledgment.

Cancellation by Buyer. Orders for standard products may be canceled upon written notice to Seller at least thirty (30) days prior to the scheduled shipment date for such products. Standard Products are defined as products which appear in Seller's Standard Products Catalogue or Catalogues.

Orders for standard products which have special handling instructions provided by the Buyer or Custom/Semi-Custom products (which are products which have been manufactured for a specific customer to a specification supplied by that customer, which have special markings, which have received special testing, or which are specially programmed for Buyer) may not be canceled or delivery rescheduled unless such orders are the subject of a prior written agreement between Buyer and Seller which sets forth the charges to be paid by Buyer in the event of such cancellation or rescheduling of such orders and the charges to be paid for such cancellation or rescheduling shall be governed by the terms of such agreement.

Limitations of Liability. In the event of a claim that a product defect or malfunction has directly or indirectly caused any property damage or personal injury, Seller shall have no liability unless such damage is adjudicated by a court of competent jurisdiction, and only to the extent that such court awards such damages. Otherwise, Seller's liability shall be limited solely to the repair or replacement of the product or giving credit for the product under the

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warranty clause herein, if the applicable warranty period described in that clause has not expired. The damage limitation provided in this Agreement and the remedies stated herein shall be exclusive and shall be Buyer's sole remedies.

Buyer expressly agrees to hold Seller harmless and defend Seller in and against all proceedings brought by a third party claiming damages, where such damages are caused by Buyer's negligence or willful misconduct.

Special, Incidental, Consequential or Indirect Damages. Independently of any limitation hereof and regardless of whether the purpose of such limitations is served, it is agreed that in no event shall Seller be liable for special, incidental, consequential or indirect damages. Buyer explicitly accepts the provisions of this paragraph in return for the prices granted herein to Buyer. Buyer understands and agrees that the prices granted herein would be higher in the absence of this provision.

Limitations of Actions. No action against the Seller for breach hereof shall be commenced more than one (1) year after the accrual of the cause of action.

Assignment. The Buyer shall not assign this order or any interest therein or any rights thereunder without the prior written consent of Seller.

Tools, etc. Unless otherwise expressly provided in a written agreement between Seller and Buyer, Seller shall retain title to and possession of any models, drawings, composites, patterns, dies, molds, masks, working plates, schematics, breadboards, jigs, fixtures, and tools made for or obtained for the furnishing of products hereunder. In any event, tools, dies, and other equipment furnished to Seller shall be at Buyer's risk and expense.

Export Licenses. The products purchased or to be purchased hereunder are licensable under U.S. law. Buyer represents itself to be knowledgeable as to the laws, regulations and requirements regarding the export of Products, whether tangible or intangible, from the United States of America and the re-export of such Products once outside the United States of America, and agrees to conduct its activities in accordance therewith. MICREL may suspend performance if Buyer is in violation of applicable export regulations.

Security Agreement. Buyer hereby grants to Seller, its successors and assigns, a security interest in the products and all proceeds (including insurance proceeds), replacements, additions, accessions or substitutions for, to or from the products to secure payment of the purchase price of the products. Default in payment of such price or any part of the price when due shall permit Seller, in its sole discretion, to declare all obligations of Buyer immediately due and payable, and in such event Seller shall have all the rights and remedies to a secured party under applicable law. In connection with the security interest granted herein, Seller is expressly authorized, at its discretion, to file one or more financing statements or other notices under applicable law naming Buyer as debtor and Seller as secured party. Buyer agrees to execute such documents and take any other action requested by Seller to allow Seller to record and otherwise perfect this security interest.

As used above, the term "security interest" means an interest in personal property or fixtures which secures payment or performance of an obligation. The term "secured party" means a lender or seller to another person, in whose favor there is a security interest.

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In the event of default, (A) Buyer hereby agrees at Buyer's sole expense to collect the products and make them available to Seller at any location designated by Seller and (B) Seller may sell the product any way it deems commercially reasonable or necessary.

The products are agreed to be of a type which is the subject of widely or regularly distributed standard price quotations, and sales for cash or on credit to a wholesaler, retailer or user of the products, or at public or private auction on five (5) days' notice to Buyer, are all agreed to be commercially reasonable.

Fair Labor Standards Act. The Seller represents that with respect to the production of the products and/or the performance of the services covered hereby, it will fully comply with all requirements of the Fair Labor Standards Act of 1938, as amended.

Equal Opportunity. Micrel, Incorporated is committed to the provisions outlined in the Equal Opportunity Clauses of Executive Order 11246, (60-1.4), section 503 of the Rehabilitation Act of 1973, (60-741.5), and section 402 of the Vietnam Era Veterans Readjustment Act of 1974, (60-250.5), as well as any other regulations pertaining to these orders.

Variation in Quantity. If this order calls for a standard product which requires special handling instructions provided by the Buyer, a Custom/Semi-Custom product (which are products which have been manufactured for a specific customer to a specification supplied by that customer, which may have special markings, which may have received special testing, or which may be specially programmed for Buyer), or a standard product in die form, it is agreed that Seller may ship a quantity which is twenty (20) percent more or no less than the ordered quantity and that such quantity shipped will be accepted and paid for in full satisfaction of each party's obligation hereunder for the quantity ordered.

Governing Law. These terms and conditions of sale shall be construed in accordance with and governed by the laws of the State of California, without giving effect to principles of conflicts of law. If any action is commenced by Buyer or Seller to enforce any term of this Agreement, Buyer hereby consents to the exercise of jurisdiction over it by the state or federal court within the State of California, County of Santa Clara, and agrees to pay such sums as the court may fix as reasonable attorney's fees and court costs.

Severability. Any provision hereof which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdictions, be ineffective to the extent of such prohibition of un-enforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Modifications. No additions, deletions from, nor modifications of any of the provisions of these terms and conditions of sale shall be binding upon Seller unless acknowledged and accepted in writing by an AUTHORIZED officer of Seller. Any change made by Seller will be deemed accepted by Buyer unless within ten (10) days from notice of such change Buyer notifies Seller of Buyer's exception to such change. A waiver by Seller of any default or of any of the terms and conditions of sale shall not be deemed to be a continuing waiver of any other default or of any other of these terms and conditions of sale, but shall apply solely to the instance to which the waiver is directed.

Standards of Conduct. Buyer, and its subsidiaries, employees and affiliates, endeavor to maintain the highest

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standard of ethical conduct in all activities. Buyer has implemented Standards of Business Conduct for its employees throughout the world. A copy of the Standards and an Open Letter to Buyer's Business Partners regarding the reporting of fraudulent activities can be viewed on Buyer's web site at www.micrel.com.