

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

DECEMBER 1, 2000
Date of Report (Date of Earliest Event Reported)

DIODES INCORPORATED
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other
jurisdiction of
Incorporation)

1-5740
(Commission File Number)

95-2039518
(I.R.S. Employer
Identification Number)

3050 EAST HILLCREST DRIVE
WESTLAKE VILLAGE, CALIFORNIA 91362
(Address of principal executive offices) (Zip Code)

(805) 446-4800
(Registrant's telephone number, including area code)

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

General

On December 1, 2000, the Company purchased all the outstanding capital stock of FabTech, Inc., a Delaware corporation ("FabTech"), pursuant to a Stock Purchase Agreement dated as of November 28, 2000, among the Company, FabTech and Lite-On Power Semiconductor Corporation, a Taiwan corporation ("LPSC").

Since 1996, FabTech has operated a 5-inch silicon wafer foundry specializing in Schottky products and formerly owned by AT&T. LPSC, which owns approximately 38% of the Company's outstanding Common Stock, is a member of The Lite-On Group, a consortium of Taiwan-based manufacturers of power semiconductors, computer peripherals and communications products.

Strategy

The acquisition of FabTech is a key element in the Company's strategy of becoming a vertically integrated manufacturer and supplier of discrete semiconductors. The Company believes that FabTech's wafer foundry and research and development capacity will contribute significantly to the Company's goal to develop higher-margin, proprietary products in the areas of miniaturization, integrated discrettes and chip-scale discrettes. This expanded product development capacity, together with the Company's manufacturing facilities in China and superior customer service, is intended to enable the Company to become a total solution provider for its customers. FabTech will continue to provide wafers for use in the Company's internal manufacturing processes at Diodes-China, as well as to sell wafers to trade customers.

FabTech

FabTech has 210 employees, including eight senior engineers. FabTech's manufacturing facility, located in Lee's Summit, Missouri, consists of approximately 110,000 square feet, including a 16,000 square foot clean room, 70,000 square feet of manufacturing equipment and offices, and 40,000 square feet of storage and mechanical area, leased from a third party. The term of the lease is ten years, commencing on July 1, 1999. The annual base rent is approximately \$1,400,000, subject to a one percent (1%) annual increase. In addition, FabTech must pay certain operating costs of the facility.

Terms

The purchase price consists of approximately \$6 million in cash and an earnout of up to \$30 million if FabTech meets specified earnings targets over a four-year period. In addition, FabTech is obligated to repay an aggregate of approximately \$19 million, consisting of (i) approximately \$13.6 million payable, together with interest at LIBOR plus 1%, to LPSC through March 31, 2002, (ii) approximately \$2.6 million payable, together with interest at LIBOR plus 1.1%, to the Company through February 28, 2001 and (iii) approximately \$3.0 million payable to a financial institution, which amount was repaid on December 4, 2000 with the proceeds of a capital contribution by the Company.

FabTech has entered into a Volume Purchase Agreement dated as of October 25, 2000 with LPSC pursuant to which LPSC is obligated to purchase from FabTech, and FabTech is obligated to manufacture and sell to LPSC, a specified number of Schottky wafers. In addition, LPSC is obligated to purchase from FabTech at least 90% of the total number of such wafers purchased by LPSC from all sources, provided that FabTech is competitive in pricing and quality.

FabTech has entered into management incentive agreements and severance agreements with its two officers pursuant to which they may be entitled to (i) bonuses if FabTech meets specified earnings targets over a four-year period and (ii) severance payments if they are terminated without "cause" (as defined).

FabTech has also entered into management incentive agreements with certain of its key employees, pursuant to which they may be entitled to bonuses if FabTech meets specified earnings targets over a four-year period.

Fairness Opinion

The Board of Directors of the Company unanimously approved the acquisition of the outstanding capital stock of FabTech. In reaching its decision to approve the acquisition, the Board of Directors considered the following factors, among others:

- The unanimous recommendation by a committee consisting of all independent directors that the Board of Directors approve the transaction; and
- The opinion of Duff & Phelps, LLP, dated November 28, 2000, that the consideration to be paid by the Company in the proposed transaction is fair to the Company and its stockholders from a financial point of view.

Amendment to Credit Facility

On December 1, 2000, the Company amended its credit facility with Union Bank of California. The amended credit facility provides for (i) a term loan of \$10 million for financing the acquisition of FabTech, (ii) a working capital line of up to \$9.0 million and (iii) term commitment notes of up to approximately \$7.6 million for equipment financing. Interest on outstanding borrowings under the credit facility accrues at LIBOR plus 1.5%. The term loan facility is payable interest only until December 4, 2001 and then is payable in 36 equal monthly installments. The working capital facility is payable interest only until June 30, 2002 when it is payable in full. The term commitment notes repayment schedules range between 15 to 51 monthly installments. The credit facility is guaranteed by all domestic subsidiaries of the Company and is secured by all domestic assets of the Company and its subsidiaries. The credit facility is subject to certain restrictive covenants, including a provision that the Company maintain a specified ratio of senior funded debt to EBITDA and a minimum fixed charge coverage ratio.

The foregoing description of the acquisition by the Company of the outstanding capital stock of FabTech and the Company's amended credit facility with Union Bank of California does not purport to be complete and is qualified in its entirety by reference to the complete text of the Stock Purchase Agreement, the opinion of Duff & Phelps, LLP and the Credit Agreement, which are attached as exhibits to this Current Report on Form 8-K and are incorporated herein in their entirety.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

- (a) Financial Statements: The financial statements required by this item will be filed by amendment not later than 60 days after the date this report on Form 8-K must be filed.
- (b) Pro Forma Financial Information: The pro forma financial information required by this item will be filed by amendment not later than 60 days after the date this report on Form 8-K must be filed.
- (c) Exhibits
 - 10.30+ Stock Purchase Agreement dated as of November 28, 2000, among Diodes Incorporated, FabTech, Inc. and Lite-On Power Semiconductor Corporation.
 - 10.31+ Volume Purchase Agreement dated as of October 25, 2000, between FabTech, Inc. and Lite-On Power Semiconductor Corporation.

- 10.32+ Credit Agreement dated as of December 1, 2000, between Diodes Incorporated and Union Bank of California.
- 10.33+ Subordination Agreement dated as of December 1, 2000, by Lite-On Power Semiconductor Corporation in favor of Union Bank of California.
- 10.34 Subordinated Promissory Note in the principal amount of \$13,549,000 made by FabTech, Inc. payable to Lite-On Power Semiconductor Corporation.
- 99.17 Opinion of Duff & Phelps, LLP dated November 28, 2000.
- 99.18 Press Release: Diodes, Inc. Announces Successful Completion of FabTech Acquisition

- + All schedules and exhibits have been omitted. Any omitted schedule or exhibit will be furnished supplementally to the Securities and Exchange Commission upon request.

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 hereunto duly authorized.

Dated: December 14, 2000

DIODES INCORPORATED

By /s/ Carl Wertz
CARL WERTZ
Chief Financial Officer

EXHIBIT 10.30

STOCK PURCHASE AGREEMENT

By and Among

DIODES INCORPORATED,

LITE-ON POWER SEMICONDUCTOR CORP.

and

FABTECH, INC.

November 28, 2000

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STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "Agreement") is made and effective as of November 28, 2000, by and among Diodes Incorporated, a Delaware corporation ("Buyer"), Lite-On Power Semiconductor Corp., a Taiwan corporation ("Seller"), and (with respect only to Articles IV, VII, IX, X and XI) FabTech, Inc., a Delaware corporation ("Company"). Buyer, Seller and Company are referred to collectively as the "parties."

RECITALS

A. WHEREAS, Seller is the beneficial and record owner of all of the issued and outstanding shares of the capital stock of Company, consisting of 4,000,000 shares of Series A Convertible Preferred Stock and 1,000 shares of Common Stock (collectively, the "Shares").

B. WHEREAS, Seller wishes to sell to Buyer, and Buyer wishes to purchase from Seller, the Shares in accordance with the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth in this Agreement, and for other good and valuable consideration the receipt of which is hereby acknowledged, and subject to the terms and conditions stated herein, Buyer, Seller and Company hereby agree as follows:

1. PURCHASE AND SALE OF SHARES

1.1 Purchase and Sale of Shares. Subject to the terms and conditions hereinafter set forth, at the Closing, Seller shall sell to Buyer, and Buyer shall purchase from Seller, the Shares.

1.2 Purchase Price. As full payment for the Shares and for Seller's agreements and indemnities contained herein, Buyer shall pay to Seller up to Fifty-Five Million United States Dollars (U.S. \$55,000,000) (the "Purchase Price"). The Purchase Price shall be computed and paid as set forth in Section 1.3 below.

1.3 Payment of Purchase Price.

(a) The Purchase Price shall consist of the following amounts:

(1) An amount (the "Initial Purchase Price") equal to the amount, if any, by which U.S. \$25,000,000 exceeds the sum of the following:

(A) The outstanding principal balance of, and interest accrued on, Company's indebtedness to Seller, Buyer and Citibank as of the Closing Date; and

(B) Any Liabilities of Company or any Subsidiary on the Closing Date (including any amounts accrued on the Closing Date under the Management Incentive Agreements referred to in Section 7.12), except (x) Liabilities the amounts of which are disclosed or reserved against on the Recent Balance Sheet and (y) Liabilities incurred, in connection with Company's or any Subsidiary's continuing businesses, in the ordinary course of business and consistent with past practice since the date of the Recent Balance Sheet. In the event the sum of the amounts set forth in Section 1.3(a)(i)(A) and (B) equals or exceeds U.S. \$25,000,000 then the Initial Purchase Price shall be zero and no amount shall be payable by Buyer to Seller under this Section 1.3(a)(i).

(2) For each of the fiscal years ending December 31, 2001, 2002, 2003 and 2004, an amount (the "Earnout") determined as follows:

$$E = \frac{A}{90} \times (B - 40)$$

where: A = The number set forth in Column 1 of the following chart for such fiscal year.

B = $\frac{C}{D} \times 100$ rounded down to the nearest whole integer.

C = The lesser of (i) Company's earnings before interest and taxes ("EBIT") or (ii) 130% of the number set forth in Column 2 of the following chart for such fiscal year.

D = The number set forth in Column 2 of the following chart for such fiscal year.

E = Earnout for any such fiscal year.

Fiscal Year -----	1	2
	-	-
2001	U.S. \$4,000,000	U.S. \$7,326,000
2002	6,500,000	11,887,000
2003	9,000,000	15,622,000
2004	10,500,000	19,110,000

(b) The Initial Purchase Price shall be payable in cash in U.S. dollars on the Closing Date by wire transfer of immediately available funds to such account as Seller shall specify in writing not less than three (3) business days before the Closing Date.

(c) The Earnout for the fiscal year ending on any of December 31, 2001, 2002, 2003 or 2004 shall be payable in cash in U.S. dollars on or before the next March 31 by wire transfer of immediately available funds to such account as Seller shall specify in writing not less than three (3) business days before such payment date.

(d) The Earnout shall be determined by Buyer's accounting staff in accordance with U.S. generally accepted accounting principles consistently applied to the operations of Buyer and Company. The EBIT of Company used in determining the Earnout shall not be less than the EBIT of Company reported by Buyer in its consolidated financial statements filed with the U.S. Securities and Exchange Commission. The Earnout for each fiscal year shall be computed based upon Company's actual EBIT for such year without any deduction (or credit) due to any shortfall (or overage) in any prior or subsequent year. A portion of the Earnout for each fiscal year shall be deemed to be imputed interest at a rate (commencing on the Closing Date and based on a 365 day year) equal to the lowest applicable federal rate for the three month period ending on the last day of the calendar month in which the Closing Date occurs. For the Earnout payable with respect to 2001, 2002 or 2003, the applicable short-term federal rate shall be used. For the Earnout payable with respect to any subsequent fiscal year, the applicable mid-term federal rate shall be used.

(e) Any amount payable with respect to any fiscal year under the Management Incentive Agreements described in Section 7.12 shall be deducted from the Earnout payable with respect to such year.

(f) In the event the Earnout payable with respect to any year is less than the amount payable with respect to such fiscal year pursuant to the Management Incentive Agreements referred to in Section 7.12, Seller shall indemnify Buyer for the amount by which such incentive payment exceeds the Earnout for such fiscal year.

1.4 Closing. The transfer of the Shares and the payment of the Initial Purchase Price shall be effected on the Closing Date. At the Closing, Seller shall deliver to Buyer certificates evidencing the Shares, together with assignments separate from the certificates duly executed in blank and, concurrently with such delivery, Buyer shall pay the Initial Purchase Price in accordance with Section 1.3. In addition, at the Closing, all other actions shall be taken, and all other documents shall be duly executed and delivered, which are necessary to consummate all other transactions contemplated by this Agreement, other than such actions and documents as are to be taken or delivered at another date as specifically provided in this Agreement.

1.5 Closing Deadline. The Closing shall occur five (5) business days following the date upon which the waiting period provided for in the HSR Act expires, and all other conditions hereunder have been satisfied, or such earlier or later date as may be mutually agreed to in writing by Buyer and Seller (such date being referred to herein as the "Closing Date" or the "Closing"), but in no event later than March 31, 2001, unless both Buyer and Seller consent in writing to an extension beyond such date. The Closing shall take place at the offices of Sheppard, Mullin, Richter & Hampton LLP, 333 South Hope Street, Forty-Eighth Floor, Los Angeles, California 90071. Buyer, Seller and Company agree to use commercially reasonable efforts to satisfy the conditions set forth in this Agreement, and to cause the Closing to occur within the specified time period.

2. REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Buyer that the statements contained in this Article II are correct and complete as of the date of this Agreement and will be correct and complete as of the Closing Date (as though made then and as though the Closing Date were substituted for the date of this Agreement throughout this Article II):

2.1 Due Formation. Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, has the requisite power to own, lease and operate its assets, properties and business and to carry on its business as now being conducted and is duly qualified as a foreign corporation in good standing under the laws of each state or jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification.

2.2 Shares. The Shares are validly issued, fully paid and nonassessable. Except for 4,000,000 shares of Series A Convertible Preferred Stock and 1,000 shares of Common Stock, as of the date of this Agreement, there are no shares of the capital stock or other equity securities of Company outstanding; there are

no outstanding options, warrants or rights to purchase or acquire any shares of the capital stock or other equity securities of Company; and there are no contracts, commitments, understandings, arrangements or restrictions by which Company is bound to issue additional shares of its capital stock or other equity securities or other securities, options, warrants or rights to purchase or acquire any additional shares of its capital stock or other equity securities.

2.3 Title to Shares. All of the Shares are held of record and owned beneficially by Seller free and clear of all liens, encumbrances, security interests, equities, options, claims, charges and restrictions (other than restrictions of general applicability imposed by federal or state securities laws), and, upon delivery of the Initial Purchase Price on the Closing Date as herein provided, Buyer will acquire good and marketable title to the Shares, free and clear of any lien, claim or other encumbrance.

2.4 Certificate of Incorporation and Bylaws. Company has heretofore delivered to Buyer true and complete copies of the Certificate of Incorporation (certified by the Delaware Secretary of State) and the Bylaws (certified by the Secretary of Company) as in effect on the date hereof. The minute book of Company in the form heretofore delivered to Buyer accurately reflects all actions taken by the Board of Directors or the stockholders of Company on or before the date hereof.

2.5 Subsidiaries. Each direct and indirect Subsidiary of Company is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation and has the requisite power and authority to own, lease and operate its assets and properties and to carry on its business as it is now being conducted. The Subsidiaries are duly qualified as corporations in good standing under the laws of each state or jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification. All of the outstanding equity securities of each Subsidiary are validly issued, fully paid, nonassessable and free of preemptive rights and are owned directly or indirectly by Company free and clear of any liens, encumbrances, security interests, equities, options, claims, charges or restrictions of any nature whatsoever. There are no subscriptions, options, warrants, rights, calls, contracts, voting trusts, proxies or other commitments, understandings, restrictions or arrangements relating to the issuance, sale, voting, transfer, ownership or other rights with respect to any equity securities of any Subsidiary, including any right of conversion or exchange under any outstanding security, instrument or agreement.

2.6 Authority. Seller and Company each has all requisite corporate power and authority to execute and deliver this Agreement and each Transaction Document and to perform its obligations hereunder and thereunder. This Agreement has been, and each Transaction Document will be prior to the Closing, duly

authorized, executed and delivered by Seller or Company, and (assuming the due authorization, execution and delivery by Buyer) this Agreement constitutes, and each Transaction Document when so executed and delivered will constitute, the legal, valid and binding obligations of Seller and Company enforceable against Seller and Company in accordance with its terms except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws affecting the enforcement of creditors' rights generally, and general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity).

2.7 No Violation of Law and Agreements. Except as set forth in Schedule 2.7, the execution and delivery by Seller or Company of this Agreement and each Transaction Document, and the performance by Seller or Company of its obligations hereunder or thereunder, does not and will not:

(a) violate any provision of the Certificate of Incorporation or Bylaws of Seller or Company;

(b) to the best knowledge of Seller, violate any provision of Applicable Law relating to Seller or Company; violate any provision of any order, arbitration award, judgment or decree to which Seller or Company is subject; or require a registration, filing, application, notice, consent, approval, order, qualification or waiver with, to or from any Governmental Authority; or

(c) require a consent, approval or waiver from, or notice to, any party to any contract to which Seller, Company or any Affiliate thereof is a party; or result in a breach of or cause a default under any provision of a contract to which Seller, Company or any Affiliate thereof is a party.

2.8 Financial Statements. Company has previously delivered to Buyer true and complete copies of the consolidated financial statements of Company (the "Company Financial Statements") consisting of (i) the audited balance sheet of Company at December 31, 1995, 1996, 1997, 1998 and 1999 and June 30, 2000 and the unaudited balance sheet at October 31, 2000 (the "Recent Balance Sheet") and (ii) the audited statements of income for the fiscal years ended December 31, 1995, 1996, 1997, 1998 and 1999 and the six months ended June 30, 2000 and the unaudited statement of income for the four months ended October 31, 2000 (including the notes and schedules contained therein or annexed thereto). All Company Financial Statements (including all notes and schedules contained therein or annexed thereto) have been prepared in accordance with GAAP consistently applied and with the books and records of Company, and fairly present the assets, liabilities and financial position, the results of operations and cash flows of Company on a consolidated basis as of the dates and for the years and periods indicated.

2.9 No Undisclosed Liabilities. Neither Company nor any Subsidiary has any Liabilities, except (i) Liabilities the amounts of which are disclosed or reserved against on the Recent Balance Sheet and (ii) Liabilities incurred, in connection with Company's continuing businesses, in the ordinary course of business and consistent with past practice since the date of the Recent Balance Sheet.

2.10 Absence of Certain Changes.

(a) Except as set forth in Schedule 2.10, since the date of the Recent Balance Sheet, neither Company nor any Subsidiary has:

- (1) entered into any transaction, contract or commitment or incurred any obligation or liability (fixed or contingent) which is not a business transaction, contract, commitment or obligation entered into or incurred in the ordinary course of business and which at the date hereof is expected to have a materially adverse effect on the business, financial condition or prospects of Company or such Subsidiary;
- (2) waived or released any rights of material value, other than in the ordinary course of business;
- (3) accelerated receivables, delayed payables or liquidated inventory, except in accordance with prior practices;
- (4) transferred or granted any rights under any concessions, leases, licenses, agreements, patents, inventions, trade names, trademarks, service marks, brand marks, brand names or copyrights, or registrations or licenses thereof or applications therefor, or with respect to any know-how or other proprietary or trade rights;
- (5) made or granted any wage or salary increase (except for increases made in accordance with established compensation policies of Company or such Subsidiary applied on a basis consistent with previous practice), entered into any employment contract with any officer or employee or made any loan (excluding advances for normal reimbursable business expenses) to, or entered into any transaction of any other nature with, any officer or director of Company or any Subsidiary (other than the Management Incentive Agreements referred to in Section 7.12);
- (6) suffered any material adverse change in the financial condition or results of operations of Company and the Subsidiaries, or in their assets, properties, business, operations or prospects, considered as a whole;

(7) issued, sold or otherwise disposed of any securities of Company or of the Subsidiaries or, except in the ordinary course of business, any evidence of indebtedness of Company or of the Subsidiaries;

(8) made any changes in accounting methods or practices;

(9) committed to make any capital expenditures; or

(10) entered into any agreement to do any of the things described in this section.

(b) Since the date of the Recent Balance Sheet, each of Company and the Subsidiaries has operated its business in the ordinary course consistent with its past practice so as to preserve such business intact, to keep available to it the services of its employees, and to preserve its business and the goodwill of its suppliers, customers, distributors and others having business relations with it.

2.11 Tax Returns and Payments.

(a) Company has filed its United States federal Income Tax Returns and its Missouri corporate Income Tax Returns on a separate basis. Except for the corporations and entities identified on Schedule 2.11, no other corporation or entity other than Company was or is includible in such Tax Returns. Company is not a party to any Tax allocation or sharing agreement, other than any such agreement of which a complete, true and accurate copy is included in Schedule 2.11. Each United States federal Income Tax and other federal, foreign, state, county and local Tax Return which is required to have been filed with respect to the operations, income or assets of Company or any member of Seller has been filed by or on behalf of Company or such member and is complete and correct, and all Taxes which have become due pursuant or with respect thereto or as reflected thereon, have been paid. Seller, Company and each member of Seller have disclosed on their Income Tax Returns all positions taken therein that could give rise to a substantial understatement of Income Tax within the meaning of IRC Section 6662 or R&TC Section 25935. Except as set forth on Schedule 2.11, Company is not subject to Tax in any state, local or foreign jurisdiction other than Missouri and Delaware; and Schedule 2.11, lists all federal, state, local and foreign income Tax Returns filed by or on behalf of Company for taxable periods ended after December 31, 1995, indicates those Tax Returns that have been examined or audited and indicates those Tax Returns that currently are the subject of examination or audit. Company has delivered to Buyer correct and complete copies of all federal and Missouri Income Tax Returns filed for each taxable period ended

since December 31, 1995 (and, if applicable, for any prior taxable period which remains the subject of examination, audit, assessment or dispute or for which the statute of limitations for assessment has been extended and remains open), and all examination reports received and statements of deficiencies assessed against or agreed to by Company at any time.

(b) Except as set forth on Schedule 2.11:

(1) No extension or waiver of any statute of limitations has been requested of or granted by Company with respect to any Tax for any period, and no extension or waiver of time within which to file any Tax Return has been requested by or granted to Company or any member of Seller.

(2) No deficiency, delinquency or default for any Taxes relating to Company or Seller or its receipts, income, sales, transactions or other business activities has been claimed, proposed or assessed against Company or any member of Seller nor has Company or any member of Seller received notice of any such deficiency, delinquency, or default; and there is no audit, examination, investigation, claim, assessment, action, suit, proceeding, lien or encumbrance in effect, pending or proposed by any tax authority with respect to any such Taxes or with respect to any Tax Return of Company or Seller. No claim has been made by an authority in any state, local or foreign jurisdiction other than Missouri that Company is subject to taxation by that jurisdiction.

(3) Company has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or third party.

(4) There is no tax ruling, request for ruling, or settlement, compromise, closing or Tax collection agreement in effect or pending which does or could affect the liability of Company for Taxes for any period after the Closing Date.

(5) Company has not been a member of an Affiliated Group filing a consolidated federal Income Tax Return, or incurred any liability for the Taxes of any person under Treasury Regulation Section 1.1502-6; under any provision of state, local or foreign law similar to Treasury Regulation Section 1.1502-6; as a transferee or successor; by contract; or otherwise.

(6) Company is not obligated to make any payments, or is a party to any agreement that under any circumstances could obligate Company to make any payments, that are or would not be deductible under IRC Section 162(m) or IRC Section 280G (other than as set forth in the Management Incentive Agreements referred to in Section 7.12).

(7) None of the assets of Company consists of any stock in a corporation (unless such stock represents either (A) one hundred percent (100%) of the stock of such corporation or (B) such stock is publicly traded and is less than one percent (1%) of both the total voting power and total fair market value of all outstanding stock of such corporation, determined after application of the attribution rules of IRC Section 318), indebtedness of another person or if there is market discount (as defined in IRC Section 1278(a)(2)) with respect to such indebtedness of more than \$0, any interest as a partner in a partnership (as defined in IRC Section 7701(a)(2)), any interest in a trust, whether as grantor, beneficiary or otherwise, foreign currency, or any option or obligation to acquire or dispose of any of the foregoing.

(8) None of the assets of Company consists of or secures any indebtedness the interest on which is exempt from Income Tax; is "tax-exempt use property" within the meaning of IRC Section 168(h); or will as of the Closing Date be subject to any "safe harbor lease" within the meaning of former Section 168(f)(8) of the Internal Revenue Code of 1954.

2.12 Compliance with Laws. Except as set forth in Schedule 2.12, to the best knowledge of Seller and Company, each of Seller, Company and the Subsidiaries has not violated and is in compliance with all laws, statutes, ordinances, regulations, rules and orders of any foreign, federal, state or local government and any other governmental department or agency, and any judgment, decision, decree or order of any court or governmental agency, department or authority. Neither Seller nor Company nor any Subsidiary has received any notice to the effect that, or otherwise been advised that, it is not in compliance with any such statutes, regulations, rules, judgments, decrees, orders, ordinances or other laws, and neither Seller nor Company nor any Subsidiary is aware of any existing circumstances which are likely to result in violations of any of the foregoing.

2.13 Contracts and Other Agreements.

(a) Schedule 2.13 sets forth as of the date of this Agreement all of the contracts and other agreements hereinafter referred to in this Section 2.13,

to which Company or any Subsidiary is a party or by or to which it or its assets or properties are bound or subject (collectively, the "Contracts"):

(1) written contracts and other agreements with any current or former officer, director, employee, consultant, agent or other representative having more than six (6) months to run from the date hereof or providing for an obligation to pay or accrue compensation of \$25,000 or more per annum, or providing for the payment of fees or other consideration in excess of \$25,000;

(2) contracts and other agreements with any labor union or association representing any employee;

(3) contracts and other agreements for the purchase or sale of inventory, equipment or services that contain an escalation, renegotiation or redetermination clause or that cannot be canceled without liability, premium or penalty on thirty (30) or fewer days notice;

(4) contracts and other agreements for the sale of any of the assets or properties of Company or any Subsidiary other than in the ordinary course of business and for a sale price exceeding \$50,000 in any one case (or in the aggregate, in the case of any series of related contracts or other agreements) or for the grant to any person of any preferential rights to purchase any of its assets or properties;

(5) contracts and other agreements (including, without limitation, leases of real property) calling for an aggregate purchase price or payments in any one year of more than \$50,000 in any one case (or in the aggregate, in the case of any series of related contracts or other agreements);

(6) joint venture agreements;

(7) contracts or other agreements under which Company or a Subsidiary or a third party agrees to indemnify any party other than in the ordinary course of business;

(8) contracts and other agreements containing covenants of Company or any Subsidiary not to compete in any line of business or with any person in any geographical area or covenants of any other person not to compete with Company or any Subsidiary in any line of business or in any geographical area;

(9) contracts and other agreements relating to the making of any loan by Company or any Subsidiary;

(10) contracts or other agreements relating to the borrowing of money by Company or any Subsidiary or the direct or indirect guaranty by Company or any Subsidiary of any obligation for, or an agreement by Company or any Subsidiary to service, the repayment of borrowed money, or any other contingent obligations in respect of indebtedness of any other person or governmental or regulatory body;

(11) contracts or other agreements for or relating to computers, computer equipment, computer software or computer services in excess of \$25,000; and

(12) contracts or other agreements between Company or any Subsidiary and any federal, state or local government, agency or authority.

(b) There have been delivered or made available to Buyer true and complete copies of all of the contracts and other agreements set forth in Schedule 2.13 or on any other Schedule. Neither Company nor any Subsidiary has been found to be in default under any such contract or agreement, nor will the consummation of the transactions contemplated by this Agreement result in a default under any such contract or agreement or the right to terminate such contract or agreement.

2.14 Real Estate.

(a) Schedule 2.14 contains a complete and accurate list of the following:

(1) all real property and interests in real property and the buildings, structures and improvements thereon (the "Owned Property") owned by Company or a Subsidiary, or which Company or a Subsidiary is contractually obligated to purchase;

(2) all leases (the "Leases") of real property and interests in real property and the buildings, structures and improvements thereon (the "Leased Property") pursuant to which Company or a Subsidiary is the lessee;

(3) all contracts or options (and all amendments, extensions and modifications thereto) held by Company or a Subsidiary, or contractual obligations (and all amendments, extensions and

modifications thereto) on the part of Company or a Subsidiary to purchase or acquire any interest in real property;

(4) all contracts or options (and all amendments, extensions and modifications thereto) granted by Company or a Subsidiary, or contractual obligations (and all amendments, extensions and modifications thereto) on the part of Company or a Subsidiary to sell or dispose of any interest in real property; and

(5) all policies of title insurance issued to Company or a Subsidiary with respect to the Facilities.

(b) The Facilities are sufficient for the conduct of the business of Company and the Subsidiaries as such business is now conducted. Except as set forth in Schedule 2.14, Company or a Subsidiary has the right under valid and existing leases or other agreements to occupy and use all Leased Property which it uses in the conduct of their business. Neither the whole nor any portion of the Facilities has been condemned, requisitioned or otherwise taken by any Governmental Authority, and neither Company nor a Subsidiary has received any notice that any such condemnation, requisition or taking is threatened, which condemnation, requisition or taking would preclude or materially impair the current use thereof. All buildings, structures and appurtenances comprising part of the Facilities which are currently being used in the conduct of the business of Company or any Subsidiary are in satisfactory condition and have been reasonably maintained, normal wear and tear excepted. All Facilities have received all required approvals of Governmental Authorities (including, without limitation, permits and a certificate of occupancy or other similar certificate permitting lawful occupancy of the Facilities) required in connection with the operation thereof and have been operated and maintained in accordance with applicable laws, rules and regulations. All Facilities are supplied with utilities (including, without limitation, water, sewage, disposal, electricity, gas and telephone) and other services necessary for the operation of such Facilities as currently operated. The improvements constructed on the Facilities, including, without limitation, all Leasehold Improvements, and all fixtures and equipment and other tangible assets owned, leased or used by Company or a Subsidiary at the Facilities are (i) insured to the extent and in a manner customary in the industry, (ii) structurally sound with no known defects, (iii) in good operating condition and repair, subject to ordinary wear and tear, (iv) not in need of maintenance or repair except for ordinary routine maintenance and repair, the cost of which would not be material, (v) sufficient for the operation of Company's and the Subsidiaries' businesses as presently conducted and (vi) in conformity with all applicable laws, ordinances, orders, regulations and other requirements relating thereto currently in effect.

(c) Company has good and marketable title to the Owned Property, subject to no mortgage, pledge, lien, security interest, conditional sale agreement, encumbrance or charge, and there are no encroachments by Company or a Subsidiary on abutting property and no encroachments by others on their properties, except: as reflected in the Recent Balance Sheet; tax, materialmen's or like liens for obligations not yet due or payable or being contested in good faith by appropriate proceedings described in Schedule 2.14; such imperfections of title and encumbrances which do not detract materially from the value thereof for the conduct of the business conducted there, or materially interfere with the use thereof for the conduct of the business conducted there; zoning ordinances, recorded building use and other restrictions and easements of record which do not materially interfere with the use thereof for the conduct of the business conducted there; and mortgages, deeds of trust or other claims and encumbrances, as set forth in Schedule 2.14. Except as set forth in Schedule 2.14, neither Company nor a Subsidiary nor Seller has received any written notice that Company or a Subsidiary is in violation of any zoning, use, occupancy, building, wetlands or environmental regulation, ordinance or other law, order, regulation or requirement relating to the Facilities, including, without limitation, the Americans With Disabilities Act and Environmental Laws.

(d) Except as set forth in Schedule 2.14, each Lease is in full force and effect, neither Company nor a Subsidiary is in default of its obligations under any Lease, and no Lease is subject to or encumbered by any lien or other restriction which impairs the use of the property to which it relates in the business of Company or a Subsidiary as now conducted.

2.15 Environmental Matters. Except as set forth on Schedule 2.15:

(a) For purposes of this Section, the term "Company" shall include (i) all Affiliates of Company, (ii) all partnerships, joint ventures and other entities or organizations in which Company or a Subsidiary was at any time or is a partner, joint venturer, member or participant and (iii) all predecessor or former corporations, partnerships, joint ventures, organizations, businesses or other entities, whether in existence as of the date hereof or at any time prior to the date hereof, the assets or obligations of which have been acquired or assumed by Company or a Subsidiary or to which Company or a Subsidiary has succeeded; provided, however, that in no event shall Vishay Intertechnology, Inc. be deemed to be an Affiliate of Company for the purposes of this Section 2.15.

(b) The Facilities have been maintained in compliance with all applicable federal, state, local or foreign laws, statutes, ordinances, regulations,

rules, judgments, orders, notice requirements, court decisions, agency guidelines or principles of law, restrictions and licenses, which (i) regulate or relate to the protection or clean-up of the environment; the use, treatment, storage, transportation, handling, disposal or Release of Hazardous Substances; the preservation or protection of waterways, groundwater, drinking water, air, wildlife, plants or other natural resources; or the health and safety of persons or property, including, without limitation, protection of the health and safety of employees; or (ii) impose liability with respect to any of the foregoing, including, without limitation, the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), Resource Conservation & Recovery Act (42 U.S.C. Section 6901 et seq.) ("RCRA"), Safe Drinking Water Act (21 U.S.C. Section 349, 42 U.S.C. Section 201, 300f), Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), Clean Air Act (42 U.S.C. Section 7401 et seq.), Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) ("CERCLA"), and Missouri Revised Statutes Sections 260.350 et seq., 643.010 et seq. and 644.006 et seq., or any other similar federal, state or local law of similar effect, each as amended. (All of the above, collectively, are referred to herein as the "Environmental Laws").

(c) The Facilities are, and at all times have been, and all Former Facilities were at all times when owned, leased or operated by Company or a Subsidiary, owned, leased and operated in compliance with all Environmental Laws and in a manner that will not give rise to any liability under any Environmental Laws.

(d) Company has, and at all times has had, all Permits required under any Environmental Law and each Facility is, and at all times has been, in compliance with all such Permits.

(e) The consummation of any of the transactions contemplated by this Agreement will not require an application for issuance, renewal, transfer or extension of, or any other administrative action regarding, any Permit required under any Environmental Law.

(f) Neither Company nor a Subsidiary nor Seller has received any notice at any time that it is or was claimed to be in violation of or in non-compliance with the conditions of any Permit required under any Environmental Law or the provisions of any Environmental Law.

(g) There is not now pending or threatened, nor any basis for, nor has there ever been, any Action against Company or a Subsidiary under any

Environmental Law or otherwise with respect to any Release or mishandling of any Hazardous Substance.

(h) There are no consent decrees, judgments, judicial or administrative orders or agreements with, or liens by, any governmental authority or quasi-governmental entity relating to any Environmental Law which regulate, obligate, bind or in any way affect Company or a Subsidiary or any Facility or Former Facility.

(i) There is not and has not been any Hazardous Substance used, generated, treated, stored, transported, disposed of, handled or otherwise existing on, under, about or from any Facility or any Former Facility, except for quantities of any such Hazardous Substances stored or otherwise held on, under or about any such Facility in full compliance with all Environmental Laws and necessary for the operation of the business conducted there.

(j) Company has at all times used, generated, treated, stored, transported, disposed of or otherwise handled its Hazardous Substances in compliance with all Environmental Laws and in a manner that will not result in liability of Company or a Subsidiary under any Environmental Law.

(k) There are no present or past Environmental Conditions in any way relating to Company or a Subsidiary, or the Facilities. "Environmental Conditions" means the introduction into the environment of any pollution, including, without limitation, any contaminant, irritant or pollutant or other Hazardous Substance (whether or not upon the Facilities or other property of Company or a Subsidiary and whether or not such pollution constituted at the time thereof a violation of any Environmental Law as a result of any Release of any kind whatsoever of any Hazardous Substance) as a result of which Seller, Company or a Subsidiary has or may become liable to any person or by reason of which the Facilities may suffer or be subjected to any lien.

(l) No current or past use, generation, treatment, transportation, storage, disposal or handling practice of Company or a Subsidiary with respect to any Hazardous Substance has or will result in any liability under the CERCLA or RCRA or any state or local law of similar effect.

(m) There is not now and has not been at any time in the past any underground or above-ground storage tank or pipeline at any Facility or Former Facility where the installation, use, maintenance, repair, testing, closure or removal of such tank or pipeline was not in compliance with all Environmental Laws, and there has been no Release from or rupture of any such tank or pipeline, including, without limitation, any Release from or in connection with the filling or emptying of such tank.

(n) True, complete and correct copies of the written reports, and all parts thereof, including any drafts of such reports if such drafts are in the possession or control of Company or a Subsidiary or Seller, of all environmental audits or assessments which have been conducted at any Facility or Former Facility within the past five years, either by Seller, Company or a Subsidiary or any attorney, environmental consultant or engineer engaged for such purpose, have been delivered to Buyer and a list of all such reports, audits and assessments and any other similar report, audit or assessment of which Company or a Subsidiary or Seller has knowledge is included on Schedule 2.15.

(o) Company does not manufacture or distribute any product in the State of Missouri which requires any warning mandated by Missouri Law.

(p) Company is not a party, whether as a direct signatory or as successor, assign or third party beneficiary, or otherwise bound, to any Lease or other Contract (excluding insurance policies disclosed on Schedule 2.22) under which Company or a Subsidiary is obligated by or entitled to the benefits of, directly or indirectly, any representation, warranty, indemnification, covenant, restriction or other undertaking concerning environmental conditions.

(q) Company has not released any other person from any claim under any Environmental Law or waived any rights concerning any Environmental Condition.

(r) Company has given all notices and warnings, made all reports, and has kept and maintained all records required by and in compliance with all Environmental Laws.

2.16 Intellectual Property and Computer Software.

(a) Each of Company and each Subsidiary of Company has all requisite right, title and interest in or valid and enforceable rights under contracts or licenses to use all Company Intellectual Property necessary to the conduct of its respective business as presently conducted. To the extent any Intellectual Property is the subject of a licensing agreement, such licensing agreement and the parties thereto are described in Schedule 2.16. Except as described in Schedule 2.16, neither Company nor any Subsidiary of Company has received notice that it is infringing upon or otherwise misappropriating any rights relating to the Intellectual Property of any third party or any application pending for the Intellectual Property of any third party, and neither Company nor any of its Subsidiaries has knowledge of any basis for any such claim of infringement or misappropriation.

(b) Each item of Company Intellectual Property is owned exclusively by the Company or its Subsidiaries (excluding Intellectual Property licensed to Company or such Subsidiaries) and is free and clear of any Liens. Company (i) owns exclusively all trademarks, service marks and trade names used by Company in connection with the operation or conduct of the business of Company, including the sale of any products or technology or the provision of any services by Company and (ii) owns exclusively, and has good title to, all copyrighted works that are Company products or other works of authorship that Company otherwise purports to own; provided, however, that such works may incorporate copyrighted works or works of authorship, trademarks or trade names of third parties which are licensed to Company or are in the public domain. Each Subsidiary of Company (i) owns exclusively all trademarks, service marks and trade names used by such Subsidiary in connection with the operation or conduct of the business of such Subsidiary, including the sale of any products or technology or the provision of any services by such Subsidiary and (ii) owns exclusively, and has good title to, all copyrighted works that are such Subsidiary's products or other works of authorship that the Subsidiary otherwise purports to own; provided, however, that such works may incorporate copyrighted works or works of authorship, trademarks or trade names of third parties which are licensed to the Subsidiary or are in the public domain.

(c) To the extent that any Company Intellectual Property has been developed or created by any party other than Company or a Subsidiary, Company has a written agreement with such party with respect thereto and Company or Subsidiary has either (i) obtained ownership of, and is the exclusive owner of, all such Intellectual Property by operation of law or by valid assignment of any such rights or (ii) has obtained a license under or to such Intellectual Property.

(d) Company Intellectual Property constitutes all the Intellectual Property used in and/or necessary to the conduct of Company's and its Subsidiaries' business as it currently is conducted or as reasonably contemplated to be conducted, including, without limitation, the design, development, distribution, marketing, manufacture, use, import, license, and sale of the products, technology and services of Company (including products, technology or services currently under development).

(e) To the knowledge of Seller and Company, no party is infringing or misappropriating any Company Intellectual Property.

(f) No Company Intellectual Property or product, technology or service of Company or its Subsidiaries is subject to any Action that restricts, or that is reasonably expected to restrict in any manner, the use, transfer or

licensing of any Company Intellectual Property by Company or its Subsidiaries or that may affect the validity, use or enforceability of such Company Intellectual Property.

(g) Company has taken all necessary and appropriate steps to protect and preserve ownership of Company Intellectual Property. Company has secured valid written assignments from all consultants and employees who contributed to the creation or development of Company Intellectual Property. In the event that the consultant is concurrently employed by Company and a third party, Company has taken additional steps to ensure that any Company Intellectual Property developed by such a consultant does not belong to the third party or conflict with the third party's employment agreement. Such steps include, but are not limited to, ensuring that all research and development work performed by such a consultant are performed only on Company's facilities and only using Company's resources.

2.17 Title to Properties, Absence of Liens and Encumbrances.

Company and each Subsidiary has good and marketable title to all of its properties and assets whether real, personal, tangible or intangible, including all properties reflected in the Recent Balance Sheet and those acquired since the date thereof (except as since sold or otherwise disposed of in the ordinary course of business), free and clear of all mortgages, liens, pledges, easements, covenants, conditions, restrictions, claims and encumbrances, other than (i) as referred to in the Recent Balance Sheet, (ii) any liens for taxes not yet delinquent or being contested in good faith by appropriate proceedings, and (iii) the matters set forth in the Schedule 2.17. None of the assets necessary to operate the business conducted by Company or any Subsidiary are owned by Seller or an Affiliate of Seller (other than Company and the Subsidiaries).

2.18 Permits. Schedule 2.18 sets forth all governmental Permits

held by Company or any Subsidiary and necessary to the operation of their respective business. Except for Permits for which applications are shown in Schedule 2.18 to be pending, all such Permits are currently in force. No written notice of any violation has been received in respect of any such Permit, and no proceeding is pending that would suspend or revoke or limit any such Permit.

2.19 Labor and Employment Matters.

(a) Each of Company and the Subsidiaries has: (i) withheld and paid to the appropriate Governmental Authorities, or are withholding for payment not yet due to such authorities, all amounts required to be withheld from its employees; (ii) is not liable for any arrears of wages, Taxes, penalties or other sums for failure to comply with any of the foregoing; and (iii) to the best knowledge of Seller and Company, has complied in all respects with all

Applicable Laws, rules and regulations relating to the employment of labor, including, without limitation, Title VII of the Federal Civil Rights Act of 1964, as amended, the Federal Occupational Safety and Health Act, and those relating to hours, wages, collective bargaining and the payment and withholding of Taxes and other sums as required by appropriate authorities.

(i) Neither Seller nor Company nor any Subsidiaries are a party to any collective bargaining agreement or other labor contract applicable to the employees of Company; (ii) there has been no breach or other failure to comply with any material provision of such agreement or contract; and (iii) neither Company, nor any Subsidiary, is subject: (1) to any unfair labor practice complaint pending before the National Labor Relations Board or any other federal, state, local or foreign agency, (2) pending or threatened labor strike, slowdown, work stoppage, lockout, or other organized labor disturbance, or threat thereof, (3) pending grievance proceeding, representation question or arbitration proceeding arising out of or under any collective bargaining agreement, or (4) attempt by any union to represent employees of Company or a Subsidiary as a collective bargaining agent.

2.20 Employee Benefits Plans.

(a) Schedule 2.20 sets forth a true and complete list of all Benefit Plans and identifies as such each Benefit Plan that is an "employee welfare plan," as defined in ERISA Section 3(1) (a "Welfare Plan"), or an "employee pension benefit plan," as defined in ERISA Section 3(2) (a "Pension Plan"), that Company, and any trade or business which is under control, or which is treated as a single employer, with Company under Section 414(b), (c), (m) or (o) maintains, participates in, or contributes to, or has ever maintained, participated in, or contributed to; provided, however, that the term "Pension Plan" shall not include any Benefit Plan that is a "multiemployer plan" within the meaning of ERISA Section 3(37) (a "Multiemployer Plan"). Each Benefit Plan that is not a Welfare Plan, Pension Plan or Multiemployer Plan is referred to below as a "Benefit Arrangement."

(b) Seller or Company has delivered to Buyer true and complete copies of: (i) all plan texts, agreements and material employee communications relating to each Benefit Plan; (ii) all summary plan descriptions (whether or not required to be furnished pursuant to ERISA), the three (3) most recent annual reports (including all schedules thereto) and the three (3) most recent annual and periodic accounting and financial statements of related plan assets with respect to each Pension Plan and Welfare Plan; (iii) the most recent determination letter received from the Internal Revenue Service with respect to

each Pension Plan; and (iv) the most recent actuarial report with respect to each Pension Plan subject to Title IV of ERISA.

(c) No event has occurred (and there exists no condition or set of circumstances) in connection with any Benefit Plan that could subject Company, Buyer, or any Benefit Plan, directly or indirectly, to any liability under ERISA, IRC or any other law, regulation or governmental order applicable to any Benefit Plan.

(d) Each Benefit Plan (other than any Multiemployer Plan) conforms to, and its administration is in compliance with, all applicable laws and regulations, including, but not limited to, ERISA and IRC, and no fiduciary of any Benefit Plan has taken any action that could result in such fiduciary being liable for the payment of damages under ERISA Section 409 and that would result in any liability for Company or Buyer.

(e) Each Pension Plan that is intended to qualify under Section 401(a) or 403(a) of IRC is so qualified and has received a favorable determination letter from the Internal Revenue Service with respect to such qualification, its related trust has been determined to be exempt from taxation under Section 501(a) of IRC, and nothing has occurred since the date of such letter that could adversely affect such qualification or exemption.

(f) Each Benefit Plan (other than any Multiemployer Plan) has been maintained in accordance with its terms, and there are no pending or threatened claims, lawsuits or arbitrations (other than routine claims for benefits) that have been asserted or instituted against or with respect to any such Benefit Plan or the assets of any of the trusts under any such Benefit Plan.

(g) There has been no failure to comply with applicable ERISA or other requirements as to the filing of reports, documents and notices with the Secretary of Labor, the Secretary of the Treasury and the Pension Benefit Guaranty Corporation ("PBGC") that could subject any Benefit Plan (other than any Multiemployer Plan), any fiduciary thereof, Company or Buyer to a penalty, and any requirement of the furnishing of such documents to participants or beneficiaries, due before the Closing Date, has been or will be complied with by all of the Benefit Plans prior to the Closing.

(h) No "prohibited transaction," as such term is defined in Code Section 4975 and ERISA Section 406, has occurred with respect to any Pension Plan or Welfare Plan that could subject such Plan, any fiduciary thereof, Company or Buyer to a penalty for such prohibited transaction imposed by ERISA Section 502 or a material tax imposed by Code Section 4975.

(i) Any bond required by applicable provisions of ERISA with respect to any Pension Plan or Welfare Plan has been obtained and is in full force and effect.

(j) No "reportable event," as such term is defined in ERISA Section 4043(c), has occurred or is continuing with respect to any Pension Plan.

(k) No Pension Plan that is or was subject to Title IV of ERISA has been terminated; no proceeding has been initiated to terminate any such Plan; and Company has not incurred, nor reasonably expects to incur, any liability, whether to the PBGC or otherwise, except for required premium payments, which payments have been made when due, with respect to the termination of any Pension Plan. No event has occurred (and there exists no condition or set of circumstances) that presents a material risk of the partial termination of any Pension Plan.

(l) No Benefit Plan provides medical or death benefits (whether or not insured) with respect to current or former employees of Company beyond their retirement or other termination of service (other than coverage mandated by law or death benefits under any Pension Plan).

(m) There are no unfunded benefit obligations arising in any jurisdiction.

(n) The consummation of the transactions contemplated hereby will not entitle any current or former employee of Company to severance pay, unemployment compensation or any similar payment, or accelerate the time of payment or vesting, or increase the amount of any compensation due to any such employee or former employee.

(o) Seller has provided (or has caused the applicable Benefit Plans to provide) and will continue to provide (or cause the applicable Benefit Plans to provide) for "continuation coverage" to or for the benefit of each "covered employee" and each "qualified beneficiary" entitled thereto (as such terms are defined in Code Section 4980B) and shall otherwise comply in all respects with the requirements (including, but not limited to, notice requirements) of Code Section 4980B as to each such covered employee and each such qualified beneficiary with respect to whom a "qualifying event" (as defined in Code Section 4980B) has occurred (or will occur) through the Closing.

(p) Schedule 2.20 sets forth a true and correct list of all Multiemployer Plans to which Seller or Company have contributed, or are required to contribute. To the best knowledge of Seller and Company, each Multiemployer Plan has been maintained in substantial compliance with the

requirements prescribed by any and all applicable statutes, orders, rules and regulations, including, but not limited to, ERISA and IRC. To the best knowledge of Seller and Company, no "prohibited transaction," as defined in ERISA Section 406 or Code Section 4975, has occurred in connection with any Multiemployer Plan. Seller or Company shall have made, on or prior to the Closing, all contributions required to be made to each Multiemployer Plan.

(q) Schedule 2.20 sets forth accurately, for each Multiemployer Plan, the amount of contributions by Seller or Company to such plan for the prior two plan years and the amount of withdrawal liability as determined under Section 4201 of ERISA that Seller or Company would incur if they withdrew from such plan in a complete withdrawal. With respect to any Multiemployer Plan, Seller or Company have not incurred or otherwise become liable for and are not reasonably expected to incur or become liable for a "complete withdrawal" or "partial withdrawal," as such terms are defined in Sections 4203 and 4205 of ERISA, respectively, with respect to events that have occurred before or as of the Closing. Seller previously has furnished to Buyer complete and correct summaries of Seller's and Company's contribution history with respect to each of the Multiemployer Plans set forth in Schedule 2.20.

2.21 Litigation. There is no litigation, action, suit, proceeding or to the best knowledge of Seller or Company, investigation presently pending or threatened against Company or a Subsidiary or affecting its assets, property, business or prospects or restricting or prohibiting the consummation of the transactions contemplated by this Agreement before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign.

2.22 Insurance. Schedule 2.22 sets forth a list and brief description of all policies or binders of fire, liability, product liability, worker's compensation, vehicular and other insurance held by or on behalf of Company and each Subsidiary. Such policies and binders are valid and enforceable in accordance with their terms, are in full force and effect, and insure against risks and liabilities of the kinds and in amounts customarily insured against by persons of established reputation engaged in the same or a similar business similarly situated. All premiums on all such policies have been paid to date and Company has complied with all conditions of such policies and has received no notice of any failure to comply with the terms of such policies. In addition, Schedule 2.22 sets forth in respect of such policies and binders (i) the type and amount of coverage provided thereby, (ii) their respective effective dates and (iii) any claims made or occurrences reported during the past two (2) years with respect to products liability and workers compensation.

2.23 Officers, Directors and Key Employees. Schedule 2.23 sets forth (i) the name and total compensation of each officer and director of Company or a

Subsidiary, and each other employee of Company or a Subsidiary whose salary as of the date hereof equals or exceeds \$60,000 per annum, and (ii) all commitments or agreements by Company or a Subsidiary to increase the wages or to modify the conditions or terms of employment of any such employees.

2.24 Conditions of Tangible Assets and Inventories.

(a) All items of machinery, equipment and other tangible assets of Company and each Subsidiary are in good operational condition, have been regularly and properly serviced and maintained in a manner that would not void or limit the coverage of any warranty thereon, other than items currently under, or scheduled for, repair or construction, and are adequate and fit to be used for the purposes for which they are currently used in the manner they are currently used.

(b) The inventory of the Company and the Subsidiaries consist of items of merchantable quality and quantity usable or salable in the ordinary course of business, and are salable at prevailing market prices not less than the book value amounts thereof, and are not obsolete, damaged, slow-moving or defective. No item included in the inventory has been the subject of recall by a government agency. The value at which inventories are carried on the Recent Balance Sheet reflects the customary inventory valuation policy of Company (which fairly reflects the value of obsolete, spoiled or excess inventory) for stating inventory in accordance with GAAP consistently applied.

2.25 Bank Accounts. Schedule 2.25 sets forth the names and locations of all banks, trust companies, savings and loan associations and other financial institutions at which each of Company and the Subsidiaries maintain accounts of any nature, the account numbers of all such accounts and the names of all persons authorized to draw thereon or make withdrawals therefrom.

2.26 Powers of Attorney; Guarantees. Except as set forth in Schedule 2.26, neither Company nor any Subsidiary has an obligation to act under any outstanding power of attorney or any obligation or liability, either accrued, accruing or contingent, as guarantor, surety, consignor, endorser (other than for purposes of collection in the ordinary course of the business), co-maker or indemnitor in respect of the obligation of any person, corporation, partnership, joint venture, association, organization or other entity.

2.27 Relations with Suppliers. No supplier has canceled any contract or order for provisions of, and there has been no threat by any supplier not to provide, products, supplies, or services (including utilities) to Company or any Subsidiary within the twelve (12) months immediately preceding the date of this Agreement.

Each of Company's and the Subsidiaries' relationships with its suppliers are commercially satisfactory.

2.28 Relations with Customers. Except as set forth in Schedule 2.28, no customer has canceled any contract or order for provisions of, and there has been no threat by any customer not to purchase (or to reduce its purchases of), products from Company or any Subsidiary within the twelve (12) months immediately preceding the date of this Agreement. Each of Company's and the Subsidiaries relationships with its customers are commercially satisfactory.

2.29 Accounts Receivables. All of the accounts receivable owing to each of Company and the Subsidiaries as of the date of this Agreement constitute, and as of the Closing Date will constitute, valid and enforceable claims arising from bona fide transactions in the ordinary course of business and will be fully collected within sixty (60) days after the date when first due, and there has been no notice of any claims, refusals to pay or other claimed rights of set off against any thereof. (i) No third party account debtor is delinquent in its payment in the aggregate more than \$10,000 by more than sixty (60) days; (ii) no account debtor has refused or threatened to refuse to pay its obligations for any reason; (iii) no account debtor is insolvent or bankrupt; and (iv) no account receivable is pledged to any third party.

2.30 Transactions with Affiliates. Schedule 2.30 is a true, correct and complete list of all existing business relationships between each of Company and the Subsidiaries and any of the officers, directors or shareholders thereof or any of such officer's, director's, or shareholder's Affiliates. No officer or employee of Company or any Subsidiary or Seller or any of Seller's Affiliates has any material interest in any property, real or personal, tangible or intangible of Company or any Subsidiary, is indebted or otherwise obligated to Company or any Subsidiary, has any contractual relationship with Company or any Subsidiary or is an officer, director, employee or consultant of a competitor of Company or any Subsidiary. Neither Company nor any Subsidiary is indebted or otherwise obligated to any such person, except for amounts due under normal arrangements applicable to all employees generally as to salary or reimbursement of ordinary business expenses not unusual in amount or significance. The consummation of the transactions contemplated by this Agreement will not (either alone, or upon the occurrence of any act or event, or with the lapse of time, or both) result in any benefit or payment (severance or other) arising or becoming due from Company or any Subsidiary or the successor or assign of any thereof to any person.

2.31 Data Processing. Company's and each Subsidiary's records, to the extent they contain important information that is not easily and readily available elsewhere, have been duplicated, and such duplicates are stored safely and securely pursuant to procedures and techniques utilized by companies of comparable size in similar lines of business. The data processing equipment, data transmission

equipment, related peripheral equipment and software used by the foregoing in the operation of the business to generate and retrieve such records are comparable in performance, condition and capacity with those utilized by companies of comparable size in similar lines of business and have been since December 31, 1999, free from limitations on capacity or readiness to accept, create, manipulate, sort, sequence, calculate, compare or output calendar date information, including, but not limited to, functionality of peripheral interfaces, firmware and embedded microchips

2.32 Brokerage. No broker, finder or investment banker has acted directly or indirectly for Company, Seller or any Affiliate thereof in connection with this Agreement or the transactions contemplated hereby. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in respect of any such transaction based in any way on agreements, arrangements or understandings made by or on behalf of Company, Seller or any Affiliate thereof.

2.33 Accuracy of Representations. No representation, warranty, statement or schedule furnished by Seller or Company to Buyer in connection with the transactions contemplated hereby contains any untrue statement of any material fact or omits to state any material fact necessary in order to make the statements contained herein or therein not misleading.

3. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller that the statements contained in this Article III are correct and complete as of the date of this Agreement and will be correct and complete as of the Closing Date (as though made then and as though the Closing Date were substituted for the date of this Agreement throughout this Article III):

3.1 Organization and Standing. Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of Delaware, has the requisite power to own, lease and operate its assets, properties and business and is duly qualified as a foreign corporation in good standing under the laws of each state or jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification.

3.2 Authority. Buyer has all requisite corporate power and authority to execute and deliver this Agreement and each Transaction Document and to perform its obligations hereunder and thereunder. This Agreement has been, and each Transaction Document will be prior to the Closing, duly authorized, executed and delivered by Buyer, and (assuming the due authorization, execution and delivery by Seller and Company) this Agreement constitutes, and each Transaction Document when so executed and delivered will constitute, the legal, valid and binding obligations of Buyer enforceable against Buyer in accordance with its terms except to the extent

that enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws affecting the enforcement of creditors' rights generally, and general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity).

3.3 No Violation of Law and Agreements. Except as set forth on Schedule 3.3, the execution and delivery by Buyer of this Agreement and each Transaction Document, and the performance by Buyer of its obligations hereunder or thereunder, does not and will not:

(a) violate any provision of the Certificate of Incorporation or Bylaws of Buyer;

(b) (i) violate any provision of Applicable Law relating to Buyer; (ii) violate any provision of any order, arbitration award, judgment or decree to which Buyer is subject; or (iii) require a registration, filing, application, notice, consent, approval, order, qualification or waiver with, to or from any Governmental Authority; or

(c) (i) require a consent, approval or waiver from, or notice to, any party to any contract to which Buyer or any Affiliate thereof is a party; or (ii) result in a breach of or cause a default under any provision of a contract to which Buyer or any Affiliate thereof is a party.

3.4 Brokerage. No broker, finder or investment banker has acted directly or indirectly for Buyer or any Affiliate thereof in connection with this Agreement or the transactions contemplated hereby. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in respect of any such transaction based in any way on agreements, arrangements or understandings made by or on behalf of Buyer or any Affiliate thereof.

4. COVENANTS AND AGREEMENTS OF SELLER AND COMPANY

4.1 Conduct of Business. From the date hereof through the Closing Date, Seller shall cause Company to, and Company shall, carry on its business and Company shall cause each Subsidiary to carry on each of its business, substantially in the manner in which they are presently conducted and, without the prior written consent of Buyer, not to undertake any of the actions specified in Section 2.10.

4.2 Efforts to Close. From the date hereof through the Closing Date, Seller and Company shall use commercially reasonable efforts to take, or cause to be taken, all actions, and shall do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated hereby (including, without limitation, using commercially

reasonable efforts to satisfy Buyer's conditions to Closing), and shall cooperate with Buyer in connection with the foregoing.

4.3 Continued Effectiveness of Representations and Warranties of Seller. From the date hereof through the Closing Date, (i) Seller shall, and Seller shall cause Company to, use its commercially reasonable efforts to conduct its affairs in such a manner so that, except as otherwise contemplated or permitted by this Agreement, the representations and warranties contained in Article II shall continue to be true and complete on and as of the Closing Date as if made on and as of the Closing Date, and (ii) Company and Seller shall promptly notify Buyer of any event, condition or circumstance occurring from the date hereof through the Closing Date that would constitute a violation or breach of this Agreement by Seller or Company and of any changes to any of the Disclosure Schedules; provided, however, that such disclosure shall not be deemed to cure any breach of a representation, warranty, covenant or agreement or to satisfy any condition. Notwithstanding the foregoing, Company shall not be liable for any breach of the representations and warranties contained in Article II.

4.4 Corporate Examinations and Investigations. Prior to the Closing Date, Buyer shall be entitled, through its employees, agents and representatives, to make such investigation of the assets, liabilities, properties, business and operations of Company and the Subsidiaries, and such examination of the books, records and financial condition of Company and the Subsidiaries, as Buyer reasonably determines is necessary. Without limiting the foregoing, Buyer shall have the right, at its sole cost and expense, to (i) conduct tests of the soil, surface or subsurface waters and air quality at, in, on, beneath or about the Facilities, and such other procedures as may be recommended by independent environmental consultants selected by Buyer (the "Consultant(s)") based on its reasonable professional judgment, in a manner consistent with good engineering practice, (ii) inspect records, reports, permits, applications, monitoring results, studies, correspondence, data and any other information or documents relevant to Environmental Conditions or environmental noncompliance, and (iii) inspect all buildings and equipment at the Owned Property and the Facilities including, without limitation, the visual inspection of the Facilities for asbestos-containing construction materials; provided, however, that in each case, such tests and inspections shall be conducted only (i) during regular business hours; and (ii) in a manner which will not unduly interfere with the operation of Company's business or the use of, access to or egress from the Facilities.

4.5 Assignment of Leaseholds. Seller and Company shall obtain from the lessors or sublessors of the Leased Property, as Buyer shall request, estoppel certificates addressed to Buyer and Company stating (i) that the applicable lease is and will continue to be in full force and effect and has not been modified or amended, except as indicated in such certificate, and neither the Landlord nor Company is in

default thereunder, (ii) the expiration date of the term thereunder, (iii) the rent and other charges payable thereunder and (iv) the date through which rent and other charges have been paid thereunder.

4.6 Insurance. From the date hereof through the Closing Date, Seller shall cause Company and the Subsidiaries to maintain, and Company shall maintain and cause the Subsidiaries to maintain, in full force and effect (including necessary renewals thereof) the insurance policies listed on Schedule 2.22, except to the extent that they may be replaced with equivalent policies appropriate to insure the assets, properties and business of Company and the Subsidiaries to the same extent as currently insured.

4.7 Cooperation. Company and Seller shall provide Buyer or its Representatives with any other document related to Company and the Subsidiaries that Buyer may reasonably request and shall otherwise cooperate (i) in Buyer's examination of Company and the Subsidiaries, and (ii) with Buyer's financing sources.

4.8 WARN Act. Seller shall give notice of any "plant closing" or "mass layoff," as such terms are defined in the WARN Act and the regulations promulgated thereunder (the "WARN Act"), which occur up to and including the Closing Date, and Seller shall indemnify and hold Buyer harmless for any and all liability arising from a failure to give such notice or arising from a plant closing or mass layoff occurring prior to or on the Closing Date.

4.9 Expenses. Seller shall bear all expenses incurred on behalf of Seller, Company or any Subsidiary in connection with the preparation, execution and performance of this Agreement and the transactions contemplated hereby, including, without limitation, all fees and expenses of its agents, representatives, counsel and accountants and shall reimburse Buyer promptly upon demand for one-half of (i) any costs incurred by Buyer in connection with the preparation or negotiation of this Agreement or the Management Incentive Agreements referred to in Section 7.12, and (ii) any costs incurred by the independent directors of Buyer in connection with the fairness opinion referred to in Section 7.14.

4.10 Further Assurances. Seller and Company shall execute such documents and other papers and take such further actions as may be reasonably required or desirable to carry out the provisions hereof and the transactions contemplated hereby.

4.11 Hart-Scott-Rodino. Seller and Company shall promptly take all such action as may be necessary, desirable or convenient to satisfy the requirement of filing notification under the HSR Act and the rules of the FTC thereunder and to comply at the earliest practicable date with any request for additional information received by it from the FTC or from Justice pursuant to the HSR Act. Seller and

Company shall use all commercially reasonable efforts to assist Buyer in complying with its obligations under Section 5.4 hereof.

4.12 No Solicitation of Transactions. Neither Seller nor Company shall, directly or indirectly, solicit, encourage, initiate or hold discussions or negotiations with, provide any nonpublic information to, or enter into any agreement with, any Person (other than Buyer and its employees, representatives and agents) with respect to a merger, consolidation, sale of a substantial amount of assets, sale of securities or acquisition of beneficial ownership of Company or any Subsidiary.

4.13 Noncompetition.

(a) As used in this Agreement, the term "Competitive Activity" shall mean any participation in, ownership of any interest in, acceptance of business from or assistance, promotion or organization of any person, partnership, corporation, firm, association or other business organization, entity or enterprise which, directly or indirectly, is engaged in, or hereinafter engages in, research on, or development, production, marketing or selling of Schottky wafers.

(b) Until December 31, 2004, Seller shall refrain from, without the prior written consent of Buyer in each instance, directly or indirectly, engaging in any Competitive Activity in any of the following geographic areas:

- (1) the State of California;
- (2) the United States of America;
- (3) the United States of America, The People's Republic of China and Taiwan; and
- (4) anywhere in the world.

(c) Seller shall not, without the prior written consent of Buyer in each instance, disclose or use in any way any confidential business or technical information or trade secret of Company, whether or not patentable, copyrightable or otherwise protected by law (collectively, the "Trade Secrets"), including, without limitation, any information concerning Company Intellectual Property, customer lists, products, designs, processes, procedures, operations, investments, financing, costs, employees, purchasing, accounting, marketing, merchandising, sales, salaries, pricing, profits and plans for future development, the identity, requirements, preferences, practices and methods of doing business of specific parties with whom Company transacts business, and all other information which is related to any product, service or business of Company,

other than information which is generally known in the industry in which Company transacts business or is acquired from public sources; all of which Trade Secrets are the exclusive and valuable property of Company.

(d) Seller shall not, directly or indirectly, employ or offer to employ, call on, solicit, interfere with or attempt to divert or entice away any employee or independent contractor of Company (or any person whose employment or status as an independent contractor has terminated within the twelve (12) months preceding the date of such solicitation) in any capacity if that person possesses or has knowledge of any Trade Secrets of Company.

Seller hereby acknowledges and agrees that it would be difficult to fully compensate Buyer for damages resulting from the breach or threatened breach of the foregoing provisions and, accordingly, that Buyer shall be entitled to temporary and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, to enforce such provisions without the necessity of proving actual damages and without the necessity of posting any bond or other undertaking in connection therewith. This provision with respect to injunctive relief shall not, however, diminish Buyer's right to claim and recover damages.

4.14 Inventory and Accounts Receivable. (a) Seller and Buyer shall each review the inventory and accounts receivable of Company and the amounts reserved by Company in connection therewith, and Seller shall cause the financial statements of Company as of the Closing Date to reflect such increase or decrease in such reserves as to which Seller and Buyer mutually shall agree. Any such change in reserves shall have no effect on the Purchase Price.

4.15 Indebtedness. From the date hereof through the Closing Date, Company shall refrain from paying, and Seller shall cause Company to refrain from paying, any indebtedness of Company to Seller or Citibank.

5. COVENANTS AND AGREEMENTS OF BUYER

5.1 Efforts to Close. From the date hereof through the Closing Date, Buyer shall use commercially reasonable efforts to take, or cause to be taken, all actions, and shall do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated hereby (including, without limitation, using commercially reasonable efforts to satisfy Seller's conditions to Closing), and shall cooperate with Seller in connection with the foregoing.

5.2 Expenses. Except as set forth in Section 4.9, Buyer shall bear all expenses incurred on behalf of Buyer in connection with the preparation, execution and performance of this Agreement and the transactions contemplated hereby,

including, without limitation, all fees and expenses of its agents, representatives, counsel, and accountants.

5.3 Further Assurances. Buyer shall execute such documents and other papers and take such further actions as may be reasonably required or desirable to carry out the provisions hereof and the transactions contemplated hereby.

5.4 Hart-Scott-Rodino. Buyer shall promptly take all such action as may be necessary, desirable or convenient to satisfy the requirement of filing notification under the HSR Act and the rules of the FTC thereunder and to comply at the earliest practicable date with any request for additional information received by it from the FTC or from Justice pursuant to the HSR Act. Buyer shall use all commercially reasonable efforts to assist Seller in complying with its obligations under Section 4.11 hereof.

6. CONDITIONS TO THE OBLIGATIONS OF SELLER

The obligation of Seller to complete the transactions contemplated hereby is subject to the fulfillment on or prior to the Closing Date of the following conditions, any one or more of which may be waived by it, to the extent permitted by law.

6.1 Representations and Warranties. The representations and warranties of Buyer contained herein shall be true and complete on and as of the Closing Date as though made at and as of that date, and Buyer shall have delivered to Seller a certificate to such effect.

6.2 Compliance with Covenants. Buyer shall have performed and complied with all terms, agreements, covenants and conditions of this Agreement to be performed or complied with by it on or prior to the Closing Date, and Buyer shall have delivered to Seller a certificate to that effect.

6.3 Corporate Action. Buyer shall have delivered to Seller (i) certified copies of Buyer's Certificate of Incorporation, Bylaws and resolutions of Buyer's Board of Directors, in form reasonably satisfactory to Seller, approving the execution and delivery of this Agreement and each Transaction Document and the performance of Buyer's obligations hereunder and thereunder; (ii) a certificate of good standing with respect to Buyer issued by the appropriate Governmental Authority of Buyer's jurisdiction of incorporation showing that Buyer is in good standing in such jurisdiction, dated within ten (10) business days prior to the Closing Date; and (iii) an incumbency certificate of Buyer, certified by the Secretary or Assistant Secretary of Buyer.

6.4 Litigation. On the Closing Date, there shall be no Action pending or threatened pertaining to the transactions contemplated hereby or to their consummation.

6.5 Absence of Adverse Governmental Action. No action shall have been taken, proposed or threatened and no statute, rule, regulation or order shall have been proposed, enacted or entered by any Governmental Authority or by any court with jurisdiction over the transactions contemplated hereby that threatens to prohibit or unduly delay consummation of such transactions on the terms and provisions herein set forth.

6.6 Filings; Consents; Waiting Periods. All registrations, filings, applications, notices, consents, approvals, orders, qualifications and waivers listed in Schedule 2.7, shall have been filed, made or obtained, and all waiting periods applicable under the HSR Act shall have expired or been terminated.

6.7 Approval of Documentation. The form and substance of all certificates, instruments, opinions and other documents delivered to Seller under this Agreement shall be satisfactory in all reasonable respects to Seller and its counsel.

6.8 Payment of Indebtedness. On the Closing Date, Company shall deliver to Seller a promissory note in substantially the form attached hereto as Exhibit A representing Company's outstanding indebtedness to Seller, together with all interest accrued thereon, as of the Closing Date.

7. CONDITIONS TO THE OBLIGATIONS OF BUYER

The obligation of Buyer to complete the transactions contemplated hereby is subject to the fulfillment on or prior to the Closing Date of the following conditions, any one or more of which may be waived by it, to the extent permitted by law.

7.1 Representations and Warranties. The representations and warranties of Seller contained herein shall be true and complete on and as of the Closing Date as though made at and as of that date, and Seller shall have delivered to Buyer a certificate to such effect.

7.2 Compliance with Covenants. Seller and Company shall have performed and complied with all terms, agreements, covenants and conditions of this Agreement to be performed or complied with by it on or prior to the Closing Date, and Seller and Company shall have delivered to Buyer a certificate to that effect.

7.3 Corporate Action. Seller shall have delivered to Buyer (i) certified copies of Seller's and Company's Certificates of Incorporation, Bylaws and resolutions of Seller's and Company's Board of Directors, in form reasonably satisfactory to Buyer, approving the execution and delivery of this Agreement and each Transaction Document and the performance of Seller's and Company's obligations hereunder and thereunder; (ii) a certificate of good standing with respect to Seller and Company issued by the appropriate Governmental Authority of such Person's jurisdiction of incorporation showing that such Person is in good standing in such jurisdiction, dated within ten (10) business days prior to the Closing Date; and (iii) an incumbency certificate of Seller and Company, certified by the Secretary or Assistant Secretary of each such Person.

7.4 Litigation. On the Closing Date, there shall be no Action pending or threatened pertaining to the transactions contemplated hereby or to their consummation.

7.5 Absence of Adverse Governmental Action. No action shall have been taken, proposed or threatened and no statute, rule, regulation or order shall have been proposed, enacted or entered by any Governmental Authority or by any court with jurisdiction over the transactions contemplated hereby that threatens to prohibit or unduly delay consummation of such transactions on the terms and provisions herein set forth.

7.6 Filings; Consents; Waiting Periods. All registrations, filings, applications, notices, consents, approvals, orders, qualifications and waivers listed in Schedule 3.3, shall have been filed, made or obtained, and all waiting periods applicable under the HSR Act shall have expired or been terminated.

7.7 Approval of Documentation. The form and substance of all certificates, instruments, opinions and other documents delivered to Buyer under this Agreement shall be satisfactory in all reasonable respects to Buyer and its counsel.

7.8 Financing. Buyer shall have closed the financing arrangements described in Exhibit C.

7.9 No Material Adverse Changes. Since the date hereof, there shall not have been any material adverse changes in the consolidated financial condition, the results of operations or prospects of Company, and Company on a consolidated basis shall not have sustained any material loss or damage, whether or not insured.

7.10 Resignations. Buyer shall have received resignations from each director and officer of Company.

7.11 Estoppel Certificates. Buyer shall have received and approved the estoppel certificates required by Section 4.5.

7.12 Management Incentive Agreements. On the Closing Date, each party thereto shall have executed and delivered a Management Incentive Agreement in the form attached hereto as Exhibit B between Company and each employee whose name is set forth on Schedule 7.12.

7.13 Lease Assignment. Buyer shall receive executed assignments of the Leases in a form acceptable to Buyer.

7.14 Fairness Opinion. On the Closing Date, Buyer shall have received an opinion of Duff & Phelps (or such other firm as the Board of Directors of Buyer shall determine in its sole and absolute discretion) in form and substance acceptable to the Board of Directors of Buyer in their sole and absolute discretion to the effect that the terms of the transactions contemplated by this Agreement are fair to the stockholders of Buyer (other than Seller) from a financial point of view.

8. INDEMNIFICATION

8.1 Survival. Each covenant, agreement, representation and warranty contained herein shall survive the Closing.

8.2 Seller's Obligation to Indemnify. From and after the Closing, Seller shall indemnify, defend and hold harmless Buyer (and its directors, officers, employees, affiliates (other than Seller) and assigns) from and against all Losses resulting from or arising out of any inaccuracy in or any breach of any representation, warranty, covenant or agreement of Seller or Company contained herein or in any Transaction Document.

8.3 Buyer's Obligation to Indemnify. From and after the Closing, Buyer shall indemnify, defend and hold harmless Seller (and its directors, officers, employees, Affiliates and assigns) from and against all Losses resulting from or arising out of any inaccuracy in or any breach of any representation, warranty, covenant or agreement of Buyer contained herein or in any Transaction Document.

8.4 Notice of Asserted Liability. Promptly after the party entitled to Indemnification ("Indemnitee") becomes aware of any fact, condition or event that may give rise to Losses for which indemnification may be sought under this Article VIII, Indemnitee shall give notice thereof in the manner provided in this Section 8.4 (the "Claims Notice") to the indemnifying party ("Indemnitor"). The Claims Notice shall include a description in reasonable detail of any claim or the commencement (or threatened commencement) of any action, proceeding or investigation (an "Asserted Liability") against Indemnitee, and shall indicate the

amount (estimated, if necessary) of the Losses that have been or may be suffered by Indemnitee. Failure of Indemnitee to promptly give notice hereunder shall not affect the rights to indemnification hereunder, except to the extent that Indemnitor demonstrates actual damage caused by such failure. Upon Indemnitor's request, Indemnitee shall provide Indemnitor with full and unrestricted access to all books and records relating to the Asserted Liability, and to all employees or other persons who are knowledgeable about such Asserted Liability, in order to allow Indemnitor to audit the status of such Asserted Liability and the payments that have been, or will be, made with respect thereto.

8.5 Opportunity to Defend. Indemnitor may elect to compromise or defend, at its own expense and by its own counsel, any Asserted Liability; provided, however, that Indemnitor may not compromise or settle any Asserted Liability without the consent of Indemnitee, such consent not to be unreasonably withheld, unless such compromise or settlement requires no more than a monetary payment for which Indemnitee and any other indemnifiable parties hereunder are fully indemnified. If Indemnitor elects to compromise or defend such Asserted Liability, it shall within 15 days (or sooner, if the nature of the Asserted Liability so requires) notify Indemnitee of its intent to do so and Indemnitee shall cooperate in the compromise of, or defense against, such Asserted Liability. If Indemnitor elects not to compromise or defend any Asserted Liability, fails to notify Indemnitee of its election as herein provided or contests its obligation to indemnify, Indemnitee may pay, compromise or defend such Asserted Liability without prejudice to any right it may have hereunder. In any event, each of Buyer and Seller may participate, at its own expense, in the defense of any Asserted Liability in respect of which it may have an indemnification obligation hereunder. If either party chooses to defend or participate in the defense of any Asserted Liability, it shall have the right to receive from the other party any books, records or other documents within such party's control that are necessary or appropriate for such defense.

8.6 Tax Adjustment. Any amounts payable by an Indemnitor to or on behalf of an Indemnitee in respect of a Loss will be adjusted as follows: If an Indemnitee is liable for any additional taxes as a result of the payment of amounts in respect of an indemnifiable claim, the Indemnitor will pay to the Indemnitee in addition to such amounts in respect of the Loss within ten days after being notified by the Indemnitee of the payment of such liability (x) an amount equal to such additional taxes (the "Tax Reimbursement Amount") plus (y) any additional amounts required to pay additional taxes imposed with respect to the Tax Reimbursement Amount and with respect to amounts payable under this clause (y), with the result that the Indemnitee will have received from the Indemnitor, net of the payment of taxes, an amount equal to the Loss.

8.7 Waiver of Subrogation and Other Rights. An Indemnitee will not be required to proceed against any particular Indemnitor for indemnification or otherwise in respect of any Losses before enforcing its rights hereunder against any other Indemnitor, and each Indemnitor expressly waives all rights it may have, now or in the future, under any statute, at common law, or at law or in equity, or otherwise, to compel an Indemnitee to proceed against any Indemnitor in respect of any Losses before proceeding against, or as a condition to proceeding against, any other Indemnitor.

8.8 No Contribution. Anything to the contrary herein notwithstanding, Seller shall not have any right to seek any indemnification or contribution from or remedy against Company, whether arising prior to or after the Closing Date, in respect of any breach of any representation or warranty by Company or the failure of Company to comply with any covenant or agreement to be performed by Company on or prior to the Closing Date, and Seller hereby waives any such claim it may have against Company with respect thereto whether at law, in equity or otherwise.

8.9 Non-Exclusive Remedy. The provisions for indemnification set forth in this Article VIII are not the exclusive remedies of the parties hereto with respect to the matters addressed in this Article VIII.

9. TAX MATTERS

9.1 Tax Returns. Seller and Buyer agree that for the period from the end of the most recently ended taxable year of Company through the close of the Closing Date, Company will file separate federal and Missouri Income Tax Returns prepared in accordance with this Agreement. Seller shall pay any and all federal, Missouri and other Taxes imposed or assessed at any time upon Company or any Subsidiary or any of their assets or with respect to any receipts, income, sales, transactions or other business activities of any of Company or any Subsidiary with respect to the period through the close of the Closing Date and any period ended before that time. Any amount owed by Seller pursuant to the immediately preceding sentence shall be paid within the later of fifteen (15) days after Buyer's request for such payment and five (5) days prior to the date on which Buyer is required to pay or cause to be paid any such Tax.

9.2 Tax Sharing Agreements. Any Tax sharing or allocation agreement or obligation between Company and Seller is and shall be terminated as of the Closing Date and thereupon shall have no further effect for any taxable year (whether the current year, a future year or a past year).

9.3 Clearance Certificates. Seller shall furnish to Buyer such clearance certificates or similar documents that may be required by any federal,

foreign, state, local or other taxing authority in order to relieve Buyer of any obligations to withhold any portion of the Purchase Price.

9.4 Transfer Taxes. Seller shall pay all sales, use, transfer, real property, documentary and stamp taxes and recording and filing fees applicable to any transaction contemplated by this Agreement.

9.5 Seller's Tax Indemnity. Seller shall indemnify and hold Buyer and Company harmless from and against the entirety of any Taxes which Seller is responsible or required to pay under any provision of this Agreement and from and against any Losses that Buyer may suffer resulting from, arising out of, relating to, in the nature of or caused by any liability of Buyer or Company for any such Taxes; any liability with respect to any Taxes arising from any changes made on examination or audit; any liability of any of Company or any Subsidiary for Taxes of any person other than Company, whether (i) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law), (ii) as a transferee or successor, (iii) by contract, or (iv) otherwise; any liability for Taxes arising from the use tax audit described on Schedule 2.11; and any liability for Taxes which would not be owed if all warranties and representations of Seller or Company hereunder had been true, complete and correct in all respects. Any indemnification pursuant hereto shall also include reasonable costs incurred by Buyer or Company (including reasonable fees and disbursements of attorneys, accountants and expert witnesses) in connection with such indemnification claim. Any indemnification payable by Seller pursuant hereto shall be paid within the later of fifteen (15) days of Buyer's request therefor and five (5) days prior to the date on which the liability upon which the indemnification is based is required to be satisfied.

10. TERMINATION OF AGREEMENT

10.1 Termination. This Agreement may be terminated prior to the Closing as follows:

(a) at the election of Seller, if any one or more of the conditions to its obligation to close has not been fulfilled by March 31, 2001;

(b) at the election of Buyer, if any one or more of the conditions to its obligation to close has not been fulfilled by March 31, 2001;

(c) at the election of Seller, if Buyer has materially breached any material representation, warranty, covenant or agreement contained herein; provided, however, that Seller shall have no termination right hereunder if the other conditions to the obligation of Seller to consummate the transactions contemplated herein shall have been satisfied, unless such representation, warranty, covenant or agreement shall not have been cured by Buyer by the

earlier of (i) March 31, 2001, or (ii) forty-five (45) days after Buyer shall have received written notice from Seller that it intends to exercise its right to terminate under this subparagraph (c);

(d) at the election of Buyer, if Seller or Company has materially breached any material representation, warranty, covenant or agreement contained herein; provided, however, that Buyer shall have no termination right hereunder if the other conditions to the obligation of Buyer to consummate the transactions contemplated herein shall have been satisfied, unless such representation, warranty, covenant or agreement shall not have been cured by Seller or Company by the earlier of (i) March 31, 2001, or (ii) forth-five (45) days after Seller or Company shall have received written notice from Buyer that it intends to exercise its right to terminate under this subparagraph (d);

(e) at the election of Seller, on the one hand, or Buyer, on the other hand, if any action shall have been instituted and be continuing by any Governmental Authority with proper authority to restrain, modify or prohibit the carrying out of the transactions contemplated hereby; provided, however, that neither Seller nor Buyer shall have any termination right hereunder if the other conditions to the obligation of Seller or Buyer, as the case may be, to consummate the transactions contemplated herein shall have been satisfied, unless such action, suit or proceeding shall not have been stayed or terminated by the later of (i) March 31, 2001, or (ii) sixty (60) days after the commencement of such action, suit or proceeding becomes known to Buyer or Seller, as the case may be; and

(f) at any time on or prior to the Closing Date, by mutual written consent of Seller and Buyer.

If Buyer or Seller, as the case may be, elects to terminate this Agreement pursuant to Section 10.1(a), (b), (c), (d) or (e) hereof, the terminating party shall deliver a notice to the other party hereto declaring its election to so terminate this Agreement in accordance with the provisions of Section 10.1(a), (b), (c), (d) or (e), as the case may be, and setting forth therein the basis for such termination.

10.2 Survival. If this Agreement is terminated, this Agreement shall become void and of no further force and effect, except for the provisions of this Agreement relating to the obligation of Buyer to keep confidential and not to use certain information and data obtained by it from Seller or any Affiliate thereof and except for the provisions of Sections 4.9 and 5.2 hereof, Article VIII, IX and this Article X. None of the parties hereto shall have any liability in respect to a termination of this Agreement pursuant to this Article X, except to the extent that

failure to satisfy the conditions of Articles VI and VII, as applicable, results from the intentional or willful breach or violation of the representations, warranties, covenants or agreements of such party under this Agreement. For purposes of the preceding sentence, the failure of any party to comply with its respective obligations under Article I promptly after all conditions to such compliance shall have been fulfilled, shall constitute an intentional or willful violation of the agreement herein contained by such failing party.

10.3 Return of Materials. If this Agreement is terminated for any reason whatsoever, each party shall return to the other all documents, work papers and other material (including all copies thereof) obtained in connection with the transactions contemplated hereby and will use all commercially reasonable efforts, including instructing its employees, agents and representatives and others who have had access to such information, to keep confidential and not to use any such information, unless such information is now, or is hereafter, disclosed, through no act or omission of such party, in any manner making it available to the general public.

11. MISCELLANEOUS

11.1 Notices. All notices, requests, demands and other communications required or permitted to be given hereunder or under any Transaction Document shall be in writing and shall be deemed to have been duly given (i) upon receipt, if delivered personally, (ii) upon confirmation of receipt, if given by electronic facsimile and (iii) on the third business day following mailing, if mailed first-class, postage prepaid, certified mail, return receipt requested, as follows:

(a) If to Buyer to:

Diodes Incorporated
3050 East Hillcrest Drive
Westlake Village, California 91362
Attention: President
Telecopier: (805) 381-3825

with a copy to:

Sheppard, Mullin, Richter & Hampton LLP
333 South Hope Street, 48th Floor
Los Angeles, California 90071
Attention: Peter M. Menard, Esquire
Telecopier: (213) 620-1398

(b) If to Seller to:

Lite-On Power Semiconductor Corp.
28-1, Wu Shin St.
Ta Wu Lung Ind. Zone Keelung
Taiwan R.O.C.
Attention: President
Telecopier: (02) 2432-4924 / 2431-1919

with a copy to:

Lien Cheng International Law Office
13 F-1, Sec. 4, Jen Ai Road
Taipei, Taiwan
Attention: Curtis T.Y. Hsieh, Esquire
Telecopier: (02) 278-49922

(c) If to Company to:

FabTech, Inc.
777 Northwest Blue Parkway
Lee's Summit, Missouri 64063
Attention: President
Telecopier: (816) 251 - 8850

with a copy to:

Blackwell Sanders Pepper Martin, LLP
2300 Main Street
Suite 1000
Kansas City, Missouri 64108
Attention: Beverlee Roper, Esquire
Telecopier: (816) 983-8080

Any party may by notice given in accordance with this Section 11.1 to the other parties designate another address or person for receipt of notices hereunder.

11.2 Entire Agreement. This Agreement (including the Schedules hereto) and the Transaction Documents contain the entire agreement of the parties with respect to the purchase of the Shares and related transactions, and supersedes all prior agreements, representation and warranties, written or oral, with respect thereto.

11.3 Waivers and Amendments. This Agreement and each Transaction Document may be amended, superseded, canceled, renewed or extended, and the terms hereof or thereof may be waived, only by a written instrument signed by each of the parties hereto or thereto or, in the case of a waiver, by the party waiving compliance.

The failure of a party to insist, in any one or more instances, upon performance of the terms or conditions of this Agreement or any Transaction Document shall not be construed as a waiver or relinquishment of any right granted hereunder or of the future performance of any such term, covenant or condition. No waiver on the part of any party of any right, power or privilege, nor any single or partial exercise of any such right, power or privilege, shall preclude any further exercise thereof or the exercise of any other such right, power or privilege.

11.4 Governing Law. This Agreement and each Transaction Document shall be governed by and construed in accordance with the substantive and procedural laws of the State of California applicable to agreements made and to be performed entirely within such State. The parties hereby agree that any action, suit, arbitration or other proceeding arising out of or related to this Agreement or any Transaction Document or the relationship created hereby or thereby shall be conducted only in Los Angeles County, California. Each party hereby irrevocably consents and submits to the personal jurisdiction of and venue in United States District Court for the Central District of California and in the Superior Court and Municipal Court for Los Angeles County in any legal action, equitable suit or other proceeding arising out of or related to this Agreement or any Transaction Document or the relationship between the parties created hereby or thereby.

11.5 Arbitration. Notwithstanding anything herein to the contrary, if there shall be a dispute among any of the parties arising out of or relating to (a) the negotiations of the transactions contemplated by this Agreement or any Transaction Document; (b) this Agreement or any Transaction Document (including, without limitation, the issue of arbitrability or the indemnities provided herein or therein, or the breach thereof); or (c) the transactions contemplated hereby or thereby, the parties agree that such dispute shall be resolved by final and binding arbitration in Los Angeles, California, administered by Judicial Arbitration & Mediation Services, Inc. ("JAMS"), in accordance with JAMS' rules of practice then in effect or such other procedures as the parties may agree to. Each party hereby irrevocably consents and submits to personal jurisdiction in the State of California for any arbitration contemplated by this Section 11.5. Any award issued as a result of such arbitration shall be final and binding between the parties thereto, and shall be enforceable by any court having jurisdiction over the party against whom enforcement is sought. The fees and expenses of such arbitration (including reasonable attorneys' fees) or any action to enforce an arbitration award shall be paid by the party that does not prevail in such arbitration.

11.6 Reference to U.S. Dollars. All references in this Agreement and in any Transaction Document to amounts of money expressed in dollars are references to United States dollars, unless otherwise indicated.

11.7 Binding Effect; Assignment. This Agreement and each Transaction Document shall be binding upon and inure to the benefit of the parties and their respective permitted successors and permitted assigns. Neither this Agreement nor any Transaction Document, nor any of the rights hereunder or thereunder, may be assigned by any party, nor may any party delegate any obligations hereunder or thereunder, without the written consent of the other party hereto or thereto. Any non-permitted assignment or attempted assignment shall be void. Notwithstanding the foregoing, Buyer may assign this Agreement and the Transaction Documents, and any of its rights hereunder or thereunder, and may delegate any of its obligations hereunder or thereunder, to any Affiliate thereof.

11.8 No Third Party Beneficiaries. Nothing herein is intended or shall be construed to give any person any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein, except as otherwise provided herein.

11.9 Counterparts. This Agreement and each Transaction Document may be executed by the parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a number of copies hereof or thereof each signed by less than all, but together signed by all of the parties.

11.10 Schedules and Exhibits. The schedules and exhibits attached to this Agreement or to any Transaction Document are a part hereof or thereof, as applicable, as if fully set forth herein or therein.

11.11 Headings, Gender and Person. The headings herein or in any Transaction Document are for reference only and shall not affect the interpretation of this Agreement or such Transaction Document. Whenever the context requires in this Agreement or any Transaction Document, the masculine pronoun shall include the feminine and the neuter, and the singular shall include the plural.

11.12 Publicity. All notices to third parties and all other publicity concerning the transactions contemplated hereby or by any Transaction Document shall be jointly planned and coordinated by Buyer and Seller.

11.13 Severability. Whenever possible, each provision of this Agreement and any Transaction Document shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement or any Transaction Document is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement or such Transaction Document. For purpose of determining the scope

of the covenant set forth in Section 4.13, each of subparagraphs (i), (ii), (iii) and (iv) shall be considered a separate covenant such that if the geographic scope of any such subparagraph shall be determined by a court of competent jurisdiction to be excessive and invalid, such subparagraph shall be severed and the remaining subparagraphs shall be deemed enforceable and remain in full force and effect.

11.14 Time of Essence. Time is of the essence for each and every provision of this Agreement and each Transaction Document.

11.15 Attorneys' Fees. If any legal action or other proceeding is brought for the enforcement of this Agreement or any Transaction Document, or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions hereof or thereof, the successful or prevailing party shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it may be entitled.

11.16 Confidential Information. The parties acknowledge that the transactions described herein are of a confidential nature and shall not be disclosed except to each party's respective Affiliates, consultants and advisors, or as required by law, until such time as the parties make a public announcement regarding the transactions in accordance with Section 11.12 hereof. In connection with the negotiation of this Agreement and the preparation for the consummation of the transactions contemplated hereby, each party acknowledges that it has had and will have access to information relating to the other party and its Affiliates. Each party shall treat such information as confidential, preserve the confidentiality thereof and not duplicate or use such information, except to Affiliates, advisors and consultants in connection with the transactions contemplated hereby or by any Transaction Document. Seller, at a time and in a manner which it reasonably determines and after prior notice to and consultation with Buyer, may notify employees of Company and the Subsidiaries of the fact of the subject transaction.

11.17 No Publicity; Employee Letters. The parties agree not to disclose the terms of this Agreement without the other party's prior written consent, which may be withheld in the sole and absolute discretion of such party, except for such disclosure as counsel for Buyer shall deem to be required by SEC rules or applicable securities laws; provided, however, that any such disclosure to be made by Buyer shall be subject to prior review and reasonable approval of Seller (including, without limitation, prior review of SEC filings and press releases regarding the transactions contemplated hereby). The parties agree that such disclosure requirements will include a public filing by Buyer of the Agreement and related description of the transactions contemplated hereby in either a Form 8-K or Form 10-K and a concurrent news release (subject to prior review and consent in accordance with this

Section 11.17). The parties agree to jointly prepare a letter to be delivered to each of Company's employees with regard to the transactions contemplated hereby.

11.18 Mutual Drafting. The parties hereto are sophisticated and have been represented by lawyers throughout the transactions contemplated hereto who have carefully negotiated the provisions hereof. As a consequence, the parties do not intend that the presumptions of California Civil Code Section 1654 and similar laws or rules relating to the interpretation of contracts against the drafter of any particular clause should be applied to this Agreement or any Transaction Document and therefore waive their effects.

11.19 Further Assurances. Each party hereto shall execute such documents and other papers and take such further actions as may be reasonably required or desirable to carry out the provisions hereof and the transactions contemplated hereby.

11.20 Covenant. Any covenant, term or provision of this Agreement or any Transaction Document, which in order to be effective must survive the termination of this Agreement or such Transaction Document, shall survive any such termination.

12. DEFINITIONS

12.1 Defined Terms. As used herein, the terms below shall have the following meanings. Any of such terms, unless the context otherwise requires, may be used in the singular or plural, depending upon the reference.

"Action" means any action, suit, proceeding or investigation (provided that such investigation is by a Governmental Authority).

"Affiliate" has the meaning set forth in the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"Affiliated Group" means any Affiliated Group within the meaning of IRC Section 1504, any group of corporations filing a combined report for purposes of corporate franchise or corporate income tax, and any similar group defined under a similar provision of state, local or foreign law.

"Applicable Law" means, with respect to any Person, any domestic or foreign, federal, state or local statute, law, ordinance, rule, administrative interpretation, regulation, order, writ, injunction, directive, judgment, decree or other requirement of any Governmental Authority (including any Environmental Law) applicable to such Person or any of its Affiliates or Plan Affiliates or any of their respective properties, assets, officers, directors, employees, consultants or agents (in

connection with such officer's, director's, employee's, consultant's or agent's activities on behalf of such Person or any of its Affiliates or Plan Affiliates).

"Asserted Liability" has the meaning set forth in Section 8.4 hereof.

"Benefit Plan" means any plan, agreement, arrangement or commitment (whether provided by insurance, self-insurance or otherwise) that is an employment, consulting or deferred compensation agreement; or an executive compensation, incentive, bonus, employee pension, profit-sharing, savings, retirement, stock option, stock purchase or severance pay plan; or a life, health, post-retirement benefit, worker's compensation, unemployment benefit, disability or accident plan; or a holiday, vacation, leave of absence, Christmas or other bonus practice; or expense reimbursement, automobile or other transportation allowance; or other employee benefit plan, agreement, arrangement or commitment, including, without limitation, any "employee benefit plan," as defined in Section 3(3) of ERISA, maintained by Company or with respect to which Company has or in the future may have, any contribution or other liability or obligation with respect to any current or former employees of Company, or their beneficiaries.

"Buyer" has the meaning set forth in the preamble hereof.

"Claims Notice" has the meaning set forth in Section 8.4 hereof.

"Closing" or "Closing Date" have the meanings set forth in Section 1.5 hereof.

"Company" has the meaning set forth in the preamble hereof.

"Company Financial Statements" has the meaning set forth in Section 2.8 hereof.

"Company Intellectual Property" shall mean any Intellectual Property that is (i) owned by, (ii) licensed to, or (iii) was developed or created by or for Company.

"Contracts" has the meaning set forth in Section 2.13 hereof.

"Disclosure Schedule" means a schedule prepared and delivered by Seller to Buyer pursuant to this Agreement that sets forth the exceptions to the representations and warranties of Seller contained herein. Unless the context clearly indicates otherwise, each reference herein to any numbered schedule is a reference to that numbered schedule which is included in the Disclosure Schedule.

"Earnout" has the meaning set forth in Section 1.2 hereof.

"Environmental Condition" means the introduction into the environment of any pollution, including without limitation any contaminant, irritant or pollutant or other Hazardous Substance (whether or not upon the Facilities or other property of the Company or a Subsidiary and whether or not such pollution constituted at the time thereof a violation of any Environmental Law as a result of any Release of any kind whatsoever of any Hazardous Substance) as a result of which Company has or may become liable to any person or by reason of which the Facilities may suffer or be subjected to any lien.

"Environmental Laws" has the meaning set forth in Section 2.15(b) hereof.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Facilities" means the Owned Property and the Leased Property.

"Former Facility" means each plant, office, manufacturing facility, store, warehouse, improvement, administrative building and all real property and related facilities which was owned, leased or operated by Company at any time prior to the date hereof, but excluding any Facilities.

"FTC" means the Federal Trade Commission.

"GAAP" means U.S. generally accepted accounting principles.

"Governmental Authority" means any foreign, domestic, federal, territorial, state or local governmental authority, quasi-governmental authority or instrumentality, or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing.

"Hazardous Substance" shall mean any quantity of asbestos in any form, urea formaldehyde, PCB's, radon gas, crude oil or any fraction thereof, all forms of natural gas, petroleum products or by-products, any radioactive substance, any toxic, infectious, reactive, corrosive, ignitable or flammable chemical or chemical compound and any other hazardous substance, material or waste (as defined in or for purposes of any Environmental Law), whether solid, liquid or gas.

"Holding" means the "common parent" of the Seller Group as that term is used in the Treasury Regulations promulgated under IRC Section 1502.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"Income Tax" means any federal, state, local or foreign Tax imposed on or measured by gross or net income or a taxable base in the nature of gross or net income (including franchise, alternative, minimum, alternative minimum, add-on, surcharge and other similar Taxes), any Tax imposed in whole or in part in lieu of any of the foregoing, and in each instance any interest (including interest on deferred tax liability under Section 453A(c) of the IRC and "look-back" interest under Section 460 of the IRC and similar amounts of interest imposed by the IRC), penalties, additions to tax or similar charges attributable to such Tax.

"Income Tax Return" means any Tax Return that relates to Income Tax.

"Indemnitee" has the meaning set forth in Section 8.4 hereof

"Indemnitor" has the meaning set forth in Section 8.4 hereof

"Initial Purchase Price" has the meaning set forth in Section 1.2 hereof.

"Intellectual Property" means all trademarks and trademark rights, trade names and trade name rights, service marks and service mark rights, service names and service name rights, patents and patent rights, utility models and utility model rights, copyrights, mask work rights, brand names, trade dress, product designs, product packaging, business and product names, logos, slogans, rights of publicity, trade secrets, inventions (whether patentable or not), invention disclosures, improvements, processes, formulae, industrial models, processes, designs, specifications, technology, methodologies, computer software (including all source code and object code), firmware, development tools, flow charts, annotations, all Web addresses, sites and domain names, all data bases and data collections and all rights therein, any other confidential and proprietary right or information, whether or not subject to statutory registration, and all related technical information, manufacturing, engineering and technical drawings, know-how and all pending applications for and registrations of patents, utility models, trademarks, service marks and copyrights, and the right to sue for past infringement, if any, in connection with any of the foregoing, and all documents, disks, records, files and other media on which any of the foregoing is stored.

"IRC" means the Internal Revenue Code of 1986, as amended.

"Justice" means the Antitrust Division of the Department of Justice.

"Lease" has the meaning set forth in Section 2.14 hereof.

"Leased Property" has the meaning set forth in Section 2.14 hereof.

"Liability" or "Liabilities" means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute, contingent or threatened, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise and whether or not the same is required to be accrued on the financial statements of such Person.

"Liens" means any mortgage, pledge, assessment, security interest, lease, lien, easement, license, covenant, condition, restriction, adverse claim, levy, charge, option, equity, adverse claim or restriction or other encumbrance of any kind, or any contract to give any of the foregoing, except for any restrictions on transfer generally arising under any applicable federal or state securities law.

"Losses" means all losses, costs, claims, liabilities, damages, lawsuits, demands and expenses (including attorney's fees), and all amounts paid in the investigation, defense or settlement of any of the foregoing; provided, however, that Losses shall not mean lost profits. Without limiting the foregoing, "Losses" is not limited to matters asserted by third parties, but includes Losses incurred or sustained in the absence of third party claims.

"Multiemployer Plan" has the meaning set forth in Section 2.20 hereof.

"Owned Property" has the meaning set forth in Section 2.14 hereof.

"Pension Plan" has the meaning set forth in Section 2.20 hereof.

"Permits" means all licenses, permits, franchises, approvals, authorizations, consents or orders of, or filings with, any governmental authority, whether foreign, federal, state or local, or any other person, necessary or desirable for the past, present or anticipated conduct of, or relating to the operation of the business of, Company and any Subsidiary.

"Person" means an individual, corporation, partnership, association, trust, estate or other entity or organization, including a Governmental Authority.

"Plan Affiliate" means, with respect to any Person, any employee benefit plan or arrangement sponsored by, maintained by or contributed to by such Person, and with respect to any employee benefit plan or arrangement, any Person sponsoring, maintaining or contributing to such plan or arrangement.

"Purchase Price" has the meaning set forth in Section 1.2 hereof.

"Recent Balance Sheet" has the meaning set forth in Section 2.8 hereof.

"Release" shall mean and include any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, migrating within the environment or disposing into the environment or the workplace of any Hazardous Substance, and otherwise as defined in any Environmental Law.

"Representative" means any officer, director, principal, attorney, agent, employee or representative.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Seller" has the meaning set forth in the preamble hereof.

"Shares" has the meaning set forth in Recital A hereof.

"Subsidiary" means (i) any corporation in an unbroken chain of corporations beginning with Seller if each of the corporations other than the last corporation in the unbroken chain then owns any shares of the capital stock in one of the other corporations in such chain, (ii) any partnership in which Company is a general partner, or (iii) any partnership in which Company or any Subsidiary is a general or a limited partner.

"Tax" or "Taxes" means (whether or not disputed) taxes of any kind, levies or other like assessments, customs, duties, imposts, charges or fees, including, without limitation, Income Taxes, gross receipts, ad valorem, value added, excise, real property, personal property, occupancy, asset, sales, use, license, payroll, transaction, capital, capital stock, net worth, estimated, withholding, employment, social security, unemployment, unemployment compensation, workers' compensation, disability, utility, severance, production, environmental, energy, business, occupation, mercantile, franchise, premium, profits, windfall profits, documentary, stamp, registration, transfer and gains taxes, toll charges (including toll charges under Sections 367 and 1492 of the IRC), or other taxes of any kind whatsoever, imposed by or payable to the United States, or any state, country, local or foreign government or subdivision, instrumentality, authority or agency thereof or under any treaty, convention or compact between or among any of them, and in each instance such term shall include any interest (including interest on deferred tax liability under Section 453A(c) of the IRC and "look-back" interest under Section 460 of the IRC and similar amounts of interest imposed by the IRC), penalties, additions to tax or similar charges imposed in lieu of a Tax or attributable to any Tax.

"Tax Return or Return" means any return, declaration, report, claim for refund, information return or statement that relates to Taxes, including any schedule or attachment thereto and any amendment thereof.

"Treasury Regulation" means any final, proposed or temporary regulations promulgated under the IRC.

"Transaction Document" means, when used in reference to a particular Person, any agreement, document or instrument to be executed by such Person in connection with the transactions contemplated hereby.

"WARN Act" is the Worker Adjustment and Retraining Notification Act (29 U.S.C. Sections 2101, et seq.).

"Welfare Plan" has the meaning set forth in Section 2.20 hereof.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the date first above written.

"SELLER"

LITE-ON POWER SEMICONDUCTOR CORP.,
a Taiwan corporation

By /s/ M.K. Lu
M.K. Lu, President

"BUYER"

DIODES INCORPORATED,
a Delaware corporation

By /s/ C.H. Chen
C.H. Chen, President

With respect only to Articles IV, VII, IX, X
and XI:

"COMPANY"

FABTECH, INC.,
a Delaware corporation

By /s/ Walter Buchanan
Walter Buchanan, President

Volume Purchase Agreement
Lite-On Power Semiconductor Corp. / FabTech, Inc.

This agreement ("Agreement") is made and entered into the 25th day of October, 2000, by and between Lite-On Power Semiconductor Corp. with its principal place of business at 28-1 Wu Shin St. Ta Wu Lung, Keelung Taiwan, R.O.C. (herein referred to as "LPSC"), and FabTech, Inc., with its principal place of business at 777 N.W. Blue Parkway, Lee's Summit, Missouri, 64086 (herein referred to as "FabTech").

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS CONTAINED HEREIN, THE PARTIES AGREE AS FOLLOWS:

1. SCOPE

The purpose of this agreement is to establish the terms and conditions under which FabTech will sell to LPSC, and LPSC will purchase from FabTech, Discrete Schottky Semiconductor die in wafer form. This agreement does not constitute an order. LPSC Purchase Orders ("PO") (per paragraph 5) will be required to purchase any Products from FabTech.

2. DEFINITIONS

- 2.1. Wafer(s): Completed Discrete Schottky Semiconductor Products through Wafer Probe electrical testing.
- 2.2. Product(s): All Schottky Barrier Diodes manufactured by FabTech and purchased as die in wafer form as set forth on Attachment 1.
- 2.3. Yield: The number of die on a wafer passing Wafer Probe electrical testing, divided by the total number of die on a Wafer.
- 2.4. Wafer Lot Yield: The average Yield of all wafers in one wafer lot as calculated in 2.3 above.
- 2.5. Wafer Lot: A lot of wafers started together using the same lot number and processed through wafer fabrication as a single group.
- 2.6. Device Type: Different die types and sizes are set forth on Attachment 1.
- 2.7. Change in the Consumer Price Index: A percentage equal to the overall percentage change in the Consumer Price Index-- All Urban Consumers for the geographic area containing Kansas City, Missouri published by or acknowledged by the U.S. Department of Labor (or, if unavailable, a successor

or comparable index in the Lessor's reasonable discretion) from and after the year 2000.

3. TERM

- 3.1. The term of this agreement shall be effective as of the date of signature and continue for a period of four years from that date (the "Initial Term") unless terminated earlier as otherwise provided herein. After the Initial Term, the Agreement shall be automatically renewed for additional two-year periods on a period-to-period basis (each a "Renewal Term"). Either PARTY may terminate this Agreement by providing written notice to the other PARTY of it's intent to cancel at least ninety (90) days prior to the start of any Renewal Term.
- 3.2. Except as otherwise provided in this Agreement, upon termination of this Agreement the parties shall complete performance of all POs issued, released and accepted by FabTech prior to the effective date of termination that require delivery within the six (6) month period, maximum, from the effective date of termination. Any portion of an accepted and acknowledged PO outstanding on the effective date of termination that does not require delivery within such time shall be void. Any portion of an accepted and acknowledged PO outstanding on the effective date of termination that requests delivery within such six-month period shall remain in effect, subject to the terms and conditions herein.

4. PURCHASE RIGHTS AND OBLIGATIONS

- 4.1. During the Initial Term of this Agreement, LPSC has the right to purchase, and FabTech, upon receipt of a duly completed PO, shall sell to LPSC up to the Maximum number of Wafers per month during the calendar quarter set forth on Attachment 2 attached hereto and identified on the table titled Monthly Wafer Maximum/Minimum Order by LPSC.
- 4.2. During the Initial Term of this Agreement, LPSC shall purchase from FabTech at least the number of Wafers per month during the calendar quarter set forth on Attachment 2 attached hereto and identified on the table titled Monthly Wafer Maximum/ Minimum Order by LPSC, and as specified in the row of the table labeled as "Minimum". In any event, LPSC shall purchase from FabTech at least 90% of the total Wafers purchased by LPSC from all parties including FabTech, providing FabTech is competitive on Product pricing and Product quality.
- 4.3. The parties presently anticipate that LPSC shall purchase Wafers in the proportions set forth on Attachment 2 in the table titled LPSC Sky Wafers Volume by Calendar Quarter.

- 4.4. Ninety days prior to the beginning of each Renewal Term, the parties shall negotiate in good faith to determine the minimum and maximum purchase quantities applicable during such Renewal Term.

5. FORECASTING AND PURCHASE ORDER PLACEMENT

- 5.1. LPSC will provide a six (6) month rolling forecast of actual and planned purchases to FabTech on or before the 25th day of each month (the "Forecast Date"). The forecast shall be provided in die quantity by Device Type. The current month is noted as Month 0 in the tables and examples herein.
- 5.2. LPSC shall issue to FabTech at firm Purchase Orders each month as follows:
 - 5.2.1. A Purchase Order shall be issued for purchase of remaining quantities for the second month forward (Month +2) not placed in the preceding month. For instance, on the June 25th forecast date, LPSC would place a Purchase Order for 50% of the orders for August. The amount ordered for August could increase the total volume forecast for August (in the May Forecast) by 20%, but will not be less than the volume forecast for August (in the May forecast).
 - 5.2.2. A Purchase Order shall be issued for purchase of at least 50% of the forecast quantity in the third month forward from the current month (Month +3). For instance, on the June 25th forecast date, LPSC would place a Purchase Order for 50% of the orders for September.
- 5.3. FabTech will show acceptance of each PO by transmitting to LPSC a Sales Order Acknowledgement for each PO accepted by FabTech.
- 5.3 Month-to-month changes from the previous forecast will be limited as follows (Month 0 is the current month, containing the Forecast Date). Variations above or below contract limit quantities may be accepted by FabTech on a "commercial best effort" basis:

PRESENT FORECAST	QUANTITY CHANGES*	PART TYPE CHANGES*	DELIVERIES & SHIPMENTS
Month 0	None	None	Already committed and mostly shipped. This forecast and PO cycle starts on the 25th of this month.
Month +1	None	None	Already committed.
Month +2	+20%/-0%	50%	50% committed via P.O. last month. New PO for 50% (or more) on this month. Volume for month can be increased by 20%
Month +3	+/- 20%	50%	New PO for 50% of committed volume for this month. The remainder will still be on the forecast until next month.
Month +4	Contract Limits	Contract Limits	For substrate purchases
Month +5	Contract Limits	Contract Limits	Information Only
Month +6	Contract Limits	Contract Limits	Information Only

6. PRICE AND PAYMENT

- 6.1. Prices currently in effect will continue to be in effect through March, 2001, excepting specific price modifications as allowed herein.
- 6.2. New Device Types will be added from time-to-time and prices will be negotiated at the time of initial offering for sale by FabTech.
- 6.3. The prices at which FabTech agrees to sell the Products to LPSC pursuant to this Agreement are inclusive of epitaxial substrate costs, wafer processing costs, electrical testing per FabTech standard procedures, packaging costs per standard FabTech procedures, and any applicable United States sales taxes.
- 6.4. Delivery of the Products will be F.O.B. FabTech's facility in Lee's Summit, MO (Origin). It shall be the responsibility of LPSC, at its own expense, to insure any shipments against damage to or loss of the Products. Unless otherwise specified by LPSC, transportation will be by the most cost effective method of transportation in keeping with any particular delivery date. Packaging of shipments shall be in accordance with standard practices. Any special packaging requested by LPSC shall be made at LPSC expense.
- 6.5. All prices may be subject to re-negotiation every year, and will become effective on April 1 of each year.
- 6.6. LPSC shall make payment in full for any and all FabTech invoices within forty-five days of the last day of the month in which the Product is shipped and invoiced. In the event LPSC fails to comply with this provision, FabTech reserves the right to suspend or delay shipments, or alter payment terms. A finance charge equal to the lesser of 1.0 percent per month (12 percent APR) or the highest rate permitted by law will be assessed on all past due accounts. In

any event, exercising this provision shall not be considered a breach of this Agreement, nor in any way alter LPSC responsibilities to abide by the terms of this Agreement.

6.7. At all times, LPSC will receive the best price offered by FabTech to commercial accounts purchasing comparable wafer quantities, excepting special discounts or other short-term promotional prices. In the event FabTech offers special discounts or other short-term promotional pricing for specific Products, LPSC shall have first and equal opportunity to purchase FabTech Products under such promotions and at the promotional prices.

6.7.1. LPSC represents and warrants that FabTech Products (including wafers) purchased under this agreement are for assembly by LPSC into a higher level of assembly, and are expressly NOT for resale as die in wafer form or any other form. LPSC agrees that it shall not resell Products purchased from FabTech, in wafer or die form, without prior written consent by FabTech, which shall not be unreasonably withheld. In addition to any other remedies available to FabTech, breach of this Section 6.7 shall sever Section 6.7 and related subsections from this Agreement, without relieving either Party from any and all remaining obligations herein.

7. ADDITIONAL SERVICES

7.1. PRODUCT DEVELOPMENT: Both parties agree to use commercially reasonable efforts to develop, design and manufacture such new products as required to meet LPSC customer requests. Non-recurring expense ("NRE") charges may be assessed by FabTech for development of products to LPSC specifications. Payment of NRE charges by LPSC to FabTech shall not convey to LPSC any ownership interest in or any license or right to produce existing or developed FabTech products or processes.

8. WARRANTIES

8.1. All Products sold by FabTech under this Agreement shall have Wafer Lot traceability using a lot number assigned by FabTech. Any and all communications between LPSC and FabTech concerning warranty issues shall reference this lot number.

8.2. Any deviations from accepted specifications must be approved in writing by LPSC and FabTech. Products shipped by FabTech to LPSC shall be electrically tested per specifications in effect at time of purchase.

8.3. LPSC shall promptly inspect FabTech Schottky Products upon delivery of the Products to a designated LPSC facility. LPSC shall complete all inspections within 30 days of delivery.

- 8.4. If any Schottky Product is claimed to be defective by LPSC, LPSC may, before the end of the inspection period, submit a Corrective Action Request ("CAR") to FabTech for FabTech evaluation and/or analysis of the claimed defective product. Failure by LPSC to deliver a CAR to FabTech within thirty days after delivery of the Products shall constitute acceptance of the Products by LPSC.
- 8.5. Upon receipt of a CAR tracking number, LPSC shall promptly return SAMPLES exhibiting the claimed defect to FabTech for analysis. Cartons containing samples returned for analysis shall have the CAR tracking number clearly marked on the outside of the carton. Failure to comply with this provision may result in FabTech rejecting the return shipment.
- 8.6. Upon completion of FabTech analysis, FabTech will judge the claim as either Valid or Invalid. If FabTech agrees the defect as claimed is Valid, a Returned Material Authorization ("RMA") number will be provided by FabTech for return of the materials (wafers and/or wafer lots) claimed under the initial request. Cartons containing returned materials shall have the RMA tracking number clearly marked on the outside of the carton. Failure to comply with this provision may result in FabTech rejecting the return shipment.
- 8.7. If FabTech determines that the defect as claimed is Invalid, then LPSC may dispute the claim as set forth in Section 15.
- 8.8. Upon receipt of and verification that materials returned under RMA are in good condition and of indicated quantity, FabTech will issue a Credit Memo to LPSC for adjustment of the amount invoiced to LPSC.
- 8.9. FabTech's indemnification on warranty of FabTech products shall be strictly limited as set forth in Article 10 below. 8.10. The provisions of the warranties set forth in this Agreement shall not apply to and no warranty of whatever kind shall exist for any Product or part thereof which has been subject to misuse, negligence or accident or that has been altered by anyone other than FabTech nor to normal deterioration of any Product or part thereof due to wear, usage or exposure. In addition, FabTech is not responsible for damages of whatever nature resulting from improper installation or operations beyond design capability, whether intentional or accidental.
- 8.11. EXCEPT AS SPECIFICALLY STATED IN THIS SECTION, FABTECH DISCLAIMS ALL WARRANTIES, WHETHER EXPRESSED, IMPLIED OR STATUTORY, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES AS TO THE QUALITY OF THE PRODUCTS, AND ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

9. PRODUCT CHANGES AND APPROVALS

- 9.1. After FabTech Products sold under this Agreement have been qualified and released (in accordance with the parties' course of performance) by both LPSC and FabTech, all major manufacturing processes shall remain unchanged unless both parties agree via the procedure below to modify said process.
- 9.1.1. FabTech will provide LPSC with written notice of any proposed major process change, accompanied by appropriate data to support the change.
- 9.1.2. LPSC will have fourteen (14) working days to accept or reject the proposed change in writing. In the event LPSC fails to reply within the fourteen day period, the proposed change will be considered as accepted by LPSC and may be fully implemented by FabTech.
- 9.1.3. LPSC shall have the right to require re-qualification of FabTech Product where there has been a major process change. Upon LPSC acceptance of the proposed change, the newer process shall be deemed qualified and may be fully implemented by FabTech. FabTech shall, through lot traceability, be able to identify Product processed under the both old and new processes.
- 9.1.4. If LPSC rejects a proposed major process change, LPSC shall identify to FabTech the reason for such rejection of the proposed change. FabTech shall have the option, in FabTech's sole discretion, to (a) continue to manufacture for LPSC hereunder using the previously qualified process; (b) eliminate such product, offering LPSC the opportunity to place a last-time buy; or (c) a combination of (a) and (b) or other alternatives as may be proposed by FabTech.
- 9.2. LPSC may, at any time, submit written requests for change to FabTech Products regarding specifications, designs, drawings, features, or other characteristics of Products covered by this Agreement. FabTech may, at its sole discretion, notify LPSC in writing that implementation of said change(s) renders FabTech unable to comply with its obligations hereunder. Both parties hereby agree that any and all change requests shall be acted upon by FabTech only if such suggested change is in writing, cost impacts have been evaluated, and agreement reached on new prices, NRE payments, and/or other compensation resulting from the costs associated with the requested change.
- 9.2.1. FabTech will reply to all change requests submitted by LPSC in writing, indicating FabTech's response to the requested change. If the requested change is accepted by FabTech in writing, such change is assumed to be a written amendment to this Agreement, executed by both parties.
- 9.3. Any Changes to FabTech Products made in compliance with this Agreement shall not relieve FabTech of any of FabTech's obligations hereunder unless

such relieved obligation has been covered by a written amendment to this Agreement, executed by both parties.

10. INDEMNIFICATION AND LIMITATION OF LIABILITY

- 10.1. FabTech hereby agrees to indemnify LPSC against and save it harmless from all liability, claims or demands made by any party arising out of damage to any property or death or injury to any employee of FabTech that is the result of negligence of FabTech.
- 10.2. LPSC shall at all times defend, indemnify and hold harmless FabTech, its officers, agents, directors, employees, representatives, and permitted successors and assigns from and against any and all losses, claims, demands, actions, suits, liabilities, damages, costs or other expenses (including without limitation reasonable fees and expenses of counsel and costs of investigation) related to or arising out of any acts, duties or obligations of LPSC or of any personnel employed or otherwise engaged by the LPSC, including (i) injury and/or death to persons including LPSC's employees, agents or representatives and damage to property, (ii) fines, levies or other charges imposed by any governmental authority or agency, (iii) failure to comply with or violation of any applicable Federal, state, local, or foreign laws, regulations, rules and ordinances, (iv) any alleged infringement or violation of any patent right in connection with the manufacture or sale of products by LPSC using the Products (unless the alleged infringement or violation was directed by FabTech). FabTech shall provide LPSC (i) written notice of any claim, demand, action, suit or other proceeding subject to indemnification hereunder, and (ii) if such action is brought by a third party, reasonable cooperation (at LPSC's expense) in the defense or settlement thereof. Notwithstanding the foregoing, FabTech may be represented in, but may not control, such action, suit, or proceeding at its own expense and by its own counsel.
- 10.3. FabTech shall not in any circumstances be liable to LPSC for anything whatsoever other than the direct loss to LPSC (excluding any loss of use, revenue or profit by LPSC or the amount of damages awarded against LPSC in favor of, or monies paid by LPSC by way of settlement to, any third party and any costs or expenses of LPSC in connection with the same) due to the failure of the Products or defective Products.
- 10.4. At all times and under all conditions, FabTech's liability for direct loss or damages is strictly limited to the value of the product shipped and invoiced, and at no time shall FabTech's liability exceed the value of the original amount invoiced by FabTech or paid by LPSC, whichever is less.
- 10.5. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY ACTION IN CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR ANY OTHER THEORY OR FORM OF ACTION FOR ANY

CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL OR PUNITIVE DAMAGES, LOSS OF PROFITS OR REVENUES, LOSS OF ANTICIPATED PROFITS OR REVENUES, OR COST OF SUBSTITUTED PRODUCTS INCURRED BY THE OTHER PARTY OR ANY OTHER PARTY AS A RESULT OF THE PRODUCTS PROVIDED UNDER THIS AGREEMENT OR IN ANY WAY ARISING OUT OF THIS AGREEMENT, REGARDLESS OF WHETHER THE POSSIBILITY OF SUCH DAMAGES WAS DISCLOSED TO OR REASONABLY COULD HAVE BEEN FORESEEN BY SUCH PARTY.

- 10.6. No action for breach of this Agreement may be commenced more than one year after the date of the alleged breach.

11. FORCE MAJEURE

- 11.1. Neither party shall be liable to the other party for any inability to comply with the provisions of this Agreement due to causes reasonably beyond its control including but not limited to, fire, flood, earthquake, explosion, accident, acts of public enemy, riots, insurrections, war, labor disputes, transportation, or failures or delays in transportation, embargoes, acts of God, acts of any government, or any agency or department thereof or judicial action. Upon the occurrence of such a force majeure condition, the affected party shall promptly notify the other party and describe in reasonable detail the circumstances of such condition and shall promptly inform the other party of any further developments. If such non-performance continues in effect for more than ninety (90) days, the other party may, at its option, terminate this Agreement without further cause or liability. Otherwise, this Agreement shall continue in full force and effect for the remainder of its term upon cessation of such event of force majeure.

12. ASSIGNMENT AND SUCCESSION

- 12.1. Neither PARTY may assign or transfer (by operation of law or otherwise) its rights or obligations under this Agreement without the prior written consent of the other PARTY which consent shall not be unreasonably withheld.
- 12.2. This Agreement shall be binding upon and inure to the benefit of the parties successors and permitted assigns.

13. TERMINATION

- 13.1. Either PARTY may terminate this Agreement immediately in the event that the other PARTY is the subject of a petition filed in Bankruptcy Court of the United States, Singapore, Hong Kong, or Taiwan, whether voluntary or involuntary, if a Receiver or Trustee is appointed for all or a substantial portion of the assets of the petitioning PARTY, or if the petitioning PARTY makes an

assignment for the benefit of its creditors. Such proceedings shall be conducted in the English language.

14. PARAGRAPH TITLES

The paragraph titles herein are intended for convenience only and shall not be construed to alter either parties' obligations or rights as otherwise set forth herein.

15. GOVERNING LAW AND ARBITRATION

15.1. All disputes arising in connection with this Agreement shall be settled amicably through good faith negotiation. In the event no agreement can be reached after 30 days, all disputes shall be submitted to arbitration in Kansas City, Missouri before and under the rules of the American Arbitration Association. The arbitrator's decision shall be written and shall be final, conclusive, and binding, and judgment on any arbitration award or decision may be entered in any court of competent jurisdiction.

15.2. The parties agree that after arbitration the State of Missouri shall have jurisdiction to determine the validity, construction and performance of this Agreement and the legal relations between the parties. All disputes are subject to venue of the State and Federal courts in Missouri, and the parties consent to the personal and exclusive jurisdiction and venue of those courts.

16. ENTIRE AGREEMENT

This Agreement, including all other documents incorporated by reference and those attached hereto as ATTACHMENTS, expresses the entire understanding of the parties hereto and cancels and supersedes any previous agreements, understandings or representations between the parties relating to the subject matter hereof. This Agreement may not be modified except in a writing signed by an authorized officer or representative of each PARTY.

17. SEVERABILITY

If any provision of this Agreement is held invalid, the remaining provisions shall remain valid and in force, unless such invalidity would frustrate the purpose of this Agreement.

18. NOTICES

Any notice to be given under this Agreement shall be in writing and shall be sent to the appropriate PARTY at the address first stated in this Agreement, or to such other address as a PARTY may later designate in writing to the other. Notices shall be deemed to have been adequately sent and delivered when received by the appropriate PARTY, after having been deposited in the mail (registered or certified), postage prepaid.

19. PUBLICITY

Neither PARTY shall publicize or otherwise disclose the terms of this Agreement without the prior approval of the other PARTY, which approval shall not be unreasonably withheld.

20. WAIVER

No failure or delay on the part of either PARTY in the exercise of any power, right or privilege arising hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

SIGNED,

LITE-ON POWER SEMICONDUCTOR CORP.

FABTECH, INC.

BY: /S/ M.K. LU
M.K. Lu, President

/S/ WALTER BUCHANAN
Walter Buchanan, President

EXHIBIT 10.32

CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this "Agreement") is made and entered into as of December 1, 2000, by and between DIODES INCORPORATED, a Delaware corporation ("Borrower"), with its principal place of business located at 3050 East Hillcrest Drive, Westlake Village, California 91362-3154, and UNION BANK OF CALIFORNIA, N.A., a national banking association ("Bank"), with an office located at 5855 Topanga Canyon Boulevard, Suite 200, Woodland Hills, California 91367.

RECITALS:

A. Borrower and Bank previously entered into that certain Business Loan Agreement dated as of June 30, 2000 (the "Prior Agreement"), pursuant to which Bank agreed to (i) make available to Borrower a revolving line of credit, providing for revolving loans by Bank to Borrower in the aggregate principal amount at any one time outstanding not to exceed Nine Million Dollars (\$9,000,000), (ii) make various term loans to Borrower in the respective original principal amounts set forth in Schedule 2.3 annexed hereto, and (iii) make available to Borrower a non-revolving line of credit, providing for non-revolving loans by Bank to Borrower in the aggregate principal amount not to exceed Ten Million Dollars (\$10,000,000).

B. Pursuant to the Prior Agreement, Borrower was permitted to advance the proceeds of the non-revolving loans made by Bank to Borrower under the non-revolving line of credit described in clause (iii) of Recital A to Shanghai Kaihong Electronics, Co., Ltd., a joint venture organized and existing under the laws of The People's Republic of China ("SKE"). Borrower holds a ninety-five percent (95%) joint venture interest in SKE.

C. Pursuant to the terms and conditions of that certain Stock Purchase Agreement dated as of November 28, 2000 (as in effect on the date hereof, and including all schedules and exhibits thereto, the "Stock Purchase Agreement"), by and among Borrower, as buyer, Lite-On Power Semiconductor Corp., a Taiwan corporation, as seller ("Seller"), and, with respect only to certain provisions of the Stock Purchase Agreement, FabTech, Inc., a Delaware corporation ("FabTech"), Seller has agreed to sell to Borrower, and Borrower has agreed to purchase from Seller, at the Closing (as such term is defined in the Stock Purchase Agreement), all of the issued and outstanding shares of the capital stock of FabTech, consisting of 4,000,000 shares of Series A Convertible Preferred Stock and 1,000 shares of common stock, all as more particularly described in the Stock Purchase Agreement (the "Stock Purchase").

After giving effect to the Stock Purchase, FabTech shall be a wholly-owned subsidiary of Borrower.

D. Borrower has requested that Bank agree to (i) continue to make available to Borrower the revolving line of credit described in clause (i) of Recital A hereof, up to Four Million Dollars (\$4,000,000) of the proceeds of which shall be used by Borrower to finance the Stock Purchase and the remaining proceeds of which shall be used by Borrower for its general working capital purposes, (ii) continue to make available to Borrower the term loans described in clause (ii) of Recital A hereof, (iii) make a new acquisition term loan to Borrower in the principal sum of Ten Million Dollars (\$10,000,000), the proceeds of which shall be used by Borrower to consummate the Stock Purchase, which new acquisition term loan shall replace the non-revolving line of credit described in clause (iii) of Recital A hereof, and (iv) amend the terms and conditions of the Prior Agreement in certain respects. Bank is willing to continue to make available to Borrower such revolving line of credit, to continue to make available to Borrower such term loans, to make such new acquisition term loan to Borrower and to so amend the terms and conditions of the Prior Agreement, subject, however, to the terms and conditions set forth hereinbelow.

AGREEMENT:

In consideration of the foregoing recitals and of the mutual covenants, conditions and provisions hereinafter set forth, Borrower and Bank hereby agree to amend and restate the Prior Agreement as follows, which covenants, conditions and provisions shall amend, restate and supersede the terms and conditions of the Prior Agreement.

SECTION 1. DEFINITIONS

As used herein, initially capitalized terms shall have the respective meanings set forth below or set forth in the Section or subsection defining such terms:

"ACQUISITION LOAN COMMITMENT" shall have the meaning assigned to that term in Section 2.2 hereof.

"ACQUISITION NOTE" shall have the meaning assigned to that term in Section 2.2 hereof.

"AFFILIATE" shall mean, with respect to any Person, (a) each Person that, directly or indirectly, owns or controls, whether beneficially or as a trustee, guardian or other fiduciary, ten percent (10%) or more of the stock having ordinary voting power in the election of directors of such Person, (b) each Person that controls, is controlled by or is

under common control with such Person or any Affiliate of such Person and (c) each of such Person's officers, directors, joint venturers, members and partners; provided, however, that in no case shall Bank be deemed to be an Affiliate of Borrower for purposes of this Agreement. For the purpose of this definition, "control" of a Person means the ability, directly or indirectly, to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise.

"ALTERNATIVE DISPUTE RESOLUTION AGREEMENTS" and "ALTERNATIVE DISPUTE RESOLUTION Agreement" shall mean, respectively, (a) the Alternative Dispute Resolution Agreements, each on Bank's standard form therefor, duly executed by Borrower, Guarantor and Subordinating Creditor, respectively, in favor of and with Bank, and (b) any one of such Alternative Dispute Resolution Agreements.

"BANK EXPENSES" shall mean (a) with respect to the costs and expenses paid or advanced by Bank on the account of Borrower prior to the date of this Agreement, the sum of Thirty Thousand Dollars (\$30,000) only, and (b) from and after the date of this Agreement: (i) all reasonable costs and expenses paid or advanced by Bank which are required to be paid by Borrower or any of its Subsidiaries under this Agreement or any of the other Loan Documents; (ii) reasonable expenses incurred by Bank in auditing or examining the books and records of Borrower or any of its Subsidiaries and the Collateral following the occurrence and continuation of an Event of Default; (iii) taxes and insurance premiums of every nature and kind of Borrower or any of its Subsidiaries paid by Bank; (iv) appraisal, filing, recording, documentation, publication and search fees paid or incurred by Bank on behalf of Borrower or any of its Subsidiaries to correct any default or enforce any provision of this Agreement or any other Loan Document, or, if an Event of Default has occurred and is continuing, in gaining possession of, maintaining, handling, preserving, storing, shipping, appraising, selling, preparing for sale and/or advertising to sell the Collateral, whether or not a sale is consummated; (v) costs and expenses of any suit or arbitration proceeding incurred by Bank in enforcing or defending this Agreement or any other Loan Document, or any portion thereof, and (vi) reasonable attorneys' fees and expenses incurred by Bank in amending, terminating, enforcing, defending or concerning this Agreement or any other Loan Document, or any portion thereof, whether or not suit is brought, such attorneys' fees to include the reasonable estimate of the allocated costs and expenses of in-house legal counsel and staff. All Bank Expenses paid or incurred by Bank shall be considered to be, and shall become a part of the Obligations and be secured by the Collateral, are payable upon demand, and if not reimbursed, shall immediately thereafter bear interest, together with all other amounts to be paid by Borrower pursuant hereto at the default rate provided for herein or in the Notes.

"BORROWER SECURITY AGREEMENT" shall mean that certain Security Agreement dated July 19, 1996, duly executed by Borrower in favor of Bank pursuant to the terms and conditions of the Prior Agreement.

"BUSINESS DAY" shall mean a day other than a Saturday, a Sunday or a day on which commercial banks in the State of California are authorized or required by law to close.

"CAPITAL EXPENDITURES" shall mean all payments due (whether or not paid) during a fiscal period of Borrower and its Subsidiaries in respect of the cost of any fixed asset or improvement, or any replacement, substitution or addition thereto and which have a useful life of more than one (1) year, including without limitation those arising in connection with the direct or indirect acquisition of such assets by way of increased product or service charges or offset items or in connection with capital leases.

"CAPITAL LEASE OBLIGATIONS" shall mean, for any Person, all obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) property to the extent such obligations are required to be classified and accounted for as a capital lease on a balance sheet of such Person under GAAP and, for purposes of this Agreement, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP.

"CASH" shall mean, when used in connection with any Person, all monetary and non-monetary items owned by such Person that are treated as cash in accordance with GAAP, consistently applied.

"COLLATERAL" shall mean the security provided by Borrower and Guarantor pursuant to Sections 3.1 and 3.2 hereof.

"DEBT SERVICE", as of any date of calculation, shall mean the sum, without duplication, of (a) the amount of all scheduled principal payments in respect of Indebtedness of Borrower and its Subsidiaries during the four (4) consecutive fiscal quarters ended on that date, plus (b) interest expense of Borrower and its Subsidiaries paid or payable during such fiscal period plus (c) the aggregate amount of dividends declared or paid by Borrower and its Subsidiaries during such fiscal period plus (d) the aggregate amount paid by Borrower and its Subsidiaries to their shareholders in respect of treasury stock during such fiscal period.

"DISPOSITION" shall mean the sale, transfer or other disposition in any single transaction or series of related transactions of any asset, or group of related assets, of Borrower or any of its Subsidiaries (a) which asset or assets constitute a line of business or substantially all of the assets of Borrower or such Subsidiary, or (b) the aggregate amount of the Net Cash Sales Proceeds of such assets is more than Five

Hundred Thousand Dollars (\$500,000), other than (i) inventory or other assets sold or otherwise disposed of in the ordinary course of business of Borrower or such Subsidiary, (ii) equipment sold or otherwise disposed of where substantially similar equipment in replacement thereof has theretofore been acquired, or thereafter within ninety (90) days is acquired, by Borrower or such Subsidiary and (iii) obsolete assets no longer useful in the business of Borrower or any of its Subsidiaries, whose carrying value on the books of Borrower or such Subsidiary is zero or de minimus.

"EBITDA" shall mean, with respect to any fiscal period of Borrower and its Subsidiaries, the sum of (a) the net income of Borrower and its Subsidiaries for such fiscal period, plus (b) any non-operating non-recurring loss reflected in such net income, minus (c) any non-operating non-recurring gain reflected in such net income, plus (d) interest expense of Borrower and its Subsidiaries for such fiscal period, plus (e) the aggregate amount of federal and state taxes on or measured by income of Borrower and its Subsidiaries for that fiscal period (whether or not payable during such fiscal period), minus (f) the aggregate amount of federal and state credits against taxes on or measured by income of Borrower and its Subsidiaries for that fiscal period (whether or not usable during that fiscal period), plus (g) depreciation, amortization and all other non-cash expenses of Borrower and its Subsidiaries for that fiscal period, in each case as determined in accordance with GAAP.

"EXCESS CASH FLOW" shall mean, for any fiscal period, the difference of (a) the EBITDA of Borrower and its Subsidiaries for such fiscal period less (b) the sum of (i) interest paid during such fiscal period plus (ii) taxes paid in cash by Borrower and its Subsidiaries during such fiscal period plus (iii) the current portion of the long-term Indebtedness of Borrower and its Subsidiaries paid during such fiscal period plus (iv) non-financed Capital Expenditures of Borrower and its Subsidiaries paid during such fiscal period, in each case as determined in accordance with GAAP.

"FABTECH" shall have the meaning assigned to that term in Recital C of this Agreement.

"FINANCIAL STATEMENTS" shall mean, with respect to any accounting period of any Person, statements of income and cash flow of such Person for such period, and balance sheets of such Person as of the end of such period, setting forth in each case in comparative form figures for the corresponding period in the preceding fiscal year or, if such period is a full fiscal year, corresponding figures from the preceding annual audit, all prepared in reasonable detail and in accordance with GAAP. "Financial Statements" shall include the notes and schedules thereto.

"FIXED CHARGE COVERAGE RATIO" shall mean, as of the last day of any fiscal quarter, calculated for Borrower and its Subsidiaries (other than SKE, in the case of Section 6.7

hereof only) on a consolidated basis, the ratio of (a) EBITDA for the fiscal period consisting of the four (4) consecutive fiscal quarters ended on that date less non-financed Capital Expenditures during such fiscal period less federal and state income tax expense during such fiscal period to (b) Debt Service for such fiscal period.

"GAAP" shall mean generally accepted accounting principles in the United States of America in effect from time to time.

"GUARANTOR" shall mean FabTech.

"GUARANTOR SECURITY AGREEMENT" shall mean that certain Security Agreement, on Bank's standard form therefor, duly executed by Guarantor in favor of Bank.

"GUARANTY" shall mean that certain Continuing Guaranty, on Bank's standard form therefor, duly executed by Guarantor in favor of and with Bank, pursuant to which Guarantor shall unconditionally guarantee the payment by Borrower of the Obligations, provided, however, that Guarantor's liability thereunder for Obligations representing principal shall not exceed Twenty-Six Million Two Hundred Eighty-Eight Thousand Three Hundred Thirty-Three and 38/100 Dollars (\$26,288,333.38).

"GUARANTY OBLIGATION" shall mean, as to any Person, any (a) guarantee by such Person of Indebtedness of, or other obligation performable by, any other Person or (b) assurance given by such Person to an obligee of any other Person with respect to the performance of an obligation by, or the financial condition of, such other Person, whether direct, indirect or contingent, including any purchase or repurchase agreement covering such obligation or any collateral security therefor, any agreement to provide funds (by means of loans, capital contributions or otherwise) to such other Person, any agreement to support the solvency or level of any balance sheet item of such other Person or any "keep-well" or other arrangement of whatever nature given for the purpose of assuring or holding harmless such obligee against loss with respect to any obligation of such other Person; provided, however, that the term "Guaranty Obligation" shall not include endorsements of instruments for deposit or collection in the ordinary course of business and customary indemnities given in connection with asset sales in the ordinary course of business.

"INDEBTEDNESS" shall mean, as to any Person (without duplication), (a) indebtedness of such Person for borrowed money or for the deferred purchase price of property (excluding (i) Subordinated Indebtedness and (ii) trade and other accounts payable in the ordinary course of business in accordance with ordinary trade terms and accrued liabilities incurred in the ordinary course of business, including any contingent obligation of such Person for any such indebtedness), (b) indebtedness of such Person of the nature described in clause (a) that is non-recourse to the credit of such Person

but is secured by assets of such Person, to the extent of the fair market value of such assets as determined in good faith by such Person, (c) Capital Lease Obligations of such Person, (d) indebtedness of such Person arising under bankers' acceptance facilities or under facilities for the discount of accounts receivable of such Person, (e) any direct or contingent obligations of such Person under letters of credit issued for the account of such Person and (f) any net obligations of such Person under any interest rate protection agreements.

"INSOLVENCY PROCEEDING" shall mean and include any proceeding commenced by or against Borrower or any of its Subsidiaries under any provision of the Bankruptcy Code, or under any other bankruptcy or insolvency law, including, but not limited to, assignments for the benefit of creditors, formal or informal moratoriums, and compositions or extensions with some or all creditors.

"LEVERAGE RATIO" shall mean, as of the last day of any fiscal quarter, determined for Borrower and its Subsidiaries on a consolidated basis, the ratio of (a) all Indebtedness of Borrower and its Subsidiaries on that date to (b) EBITDA for the fiscal period consisting of the four (4) consecutive fiscal quarters ended on that date.

"LIEN" shall mean any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof, and any agreement to give any security interest).

"LOAN DOCUMENTS" shall mean and include this Agreement, the Notes, the Guaranty, the Security Agreements, the Alternative Dispute Resolution Agreements, the Subordination Agreement and all other documents, instruments and agreements, and all related riders, exhibits, resolutions, authorizations, financing statements and certificates delivered to Bank in connection with this Agreement.

"LOANS" and "LOAN" shall mean, respectively, (a) the loans to be made by Bank to Borrower pursuant to Section 2 hereof and (b) any one of such Loans.

"NET CASH ISSUANCE PROCEEDS" shall mean, with respect to the issuance of any debt security or equity security by Borrower or any of its Subsidiaries, the Cash proceeds received by or for the account of Borrower or any of its Subsidiaries in consideration of such issuance, net of (a) underwriting discounts and commissions actually paid to any Person not an Affiliate of Borrower and (b) professional fees and disbursements actually paid in connection therewith.

"NET CASH SALES PROCEEDS" shall mean, with respect to any Disposition, the sum of (a) the Cash proceeds received by or for the account of Borrower and its Subsidiaries from

such Disposition plus (b) the amount of Cash received by or for the account of Borrower and its Subsidiaries upon the sale, collection or other liquidation of any proceeds that are not Cash from such Disposition, in each case net of (i) any amount required to be paid to any Person owning an interest in the assets disposed of, (ii) any amount applied to the repayment of Indebtedness secured by a Lien permitted under Section 7.1 hereof on the asset disposed of, (iii) any transfer tax, income tax or other taxes payable as a result of such Disposition, (iv) professional fees and expenses, fees due to any governmental agency, brokers' commissions and other out-of-pocket costs of sale actually paid to any Person that is not an Affiliate of Borrower attributable to such Disposition, and (v) any reserves established in accordance with GAAP in connection with such Disposition.

"NET PROFIT AFTER TAXES" shall mean, for any fiscal period, the after-tax income of Borrower and its Subsidiaries for such fiscal period, as determined in accordance with GAAP.

"NOTES" and "NOTE" shall mean, respectively, (a) the Revolving Note, the Acquisition Note and the Term Notes, and (b) any of such Notes.

"OBLIGATIONS" shall mean and include all loans, advances, debts, liabilities and obligations, howsoever arising, owed by Borrower or any of its Subsidiaries to Bank of every kind and description (whether or not evidenced by any note or instrument and whether or not for the payment of money), direct or indirect, absolute or contingent, due or to be come due, now existing or hereafter arising pursuant to the terms of this Agreement, any other Loan Document or any other agreement or instrument, including without limitation any Indebtedness of Borrower which Bank obtains by assignment or otherwise, and all Bank Expenses.

"PERMITTED GUARANTY OBLIGATIONS" shall mean:

(a) Guaranty Obligations existing on the date of this Agreement, and refinancings, renewals, extensions or amendments that do not increase the amount thereof;

(b) Guaranty Obligations under the Loan Documents; and

(c) Guaranty Obligations owed to Borrower or any of its Subsidiaries.

"PERMITTED INDEBTEDNESS" shall mean:

(a) the Obligations;

(b) Indebtedness owed to Borrower or any of its Subsidiaries;

(c) trade payables and other contractual obligations to suppliers and customers incurred in the ordinary course of business;

(d) Indebtedness of Borrower or any of its Subsidiaries incurred to finance the purchase of equipment constituting a Capital Expenditure permitted by Section 7.10 of this Agreement;

(e) other Indebtedness existing on the date of this Agreement and reflected in the Financial Statement of Borrower and its Subsidiaries for the nine (9) month fiscal period ended September 30, 2000 (including, without limitation, Indebtedness of SKE existing on the date of this Agreement and disclosed in Schedule 7.3 annexed hereto), and refinancings, renewals, extensions or amendments that do not increase the amount thereof;

(f) Indebtedness of Guarantor reflected in the Financial Statement of Guarantor for the ten (10) month fiscal period ended October 31, 2000, and refinancings, renewals, extensions or amendments that do not increase the amount thereof;

(g) lease obligations permitted under Section 7.12 of this Agreement;

(h) the Subordinated Indebtedness;

(i) Indebtedness consisting of debt securities for which the Net Cash Issuance Proceeds will be applied as a mandatory prepayment pursuant to Section 2.7(a) of this Agreement; and

(j) other Indebtedness not referred to hereinabove; provided, however, that the aggregate outstanding principal amount of such Indebtedness shall not exceed Five Million Dollars (\$5,000,000) at any time.

"PERMITTED LIENS" shall mean:

(a) Liens for taxes not yet payable or Liens for taxes being contested in good faith and by proper proceedings diligently pursued, provided that adequate reserves shall have been made therefor on the applicable Financial Statement, the Lien shall have no effect on the priority of Bank's security interest in the Collateral and a stay of enforcement of any such Lien shall be in effect;

(b) Liens in favor of Bank;

(c) Liens upon equipment granted in connection with the acquisition of such equipment by Borrower or any of its Subsidiaries after the date hereof (including, without limitation, pursuant to capital leases); provided, however, that (i) the cost of such acquisition constitutes a Capital Expenditure permitted by Section 7.10 of this Agreement, (ii) the Indebtedness incurred to finance each such acquisition is permitted by this Agreement, and (iii) each such Lien attaches only to the equipment acquired with the Indebtedness secured thereby, and the proceeds and products thereof;

(d) a security interest in all or substantially all of its assets granted by Guarantor in favor of Citibank, N.A. prior to the date of this Agreement; provided, however, that such security interest shall be terminated as provided for in Section 4.2 of this Agreement;

(e) reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other similar title exceptions or encumbrances affecting real property which do not in the aggregate materially detract from the value of the real property or materially interfere with their use in the ordinary conduct of the business of Borrower or any of its Subsidiaries;

(f) deposits under workmen's compensation, unemployment insurance, social security and other similar laws applicable to Borrower or any of its Subsidiaries; and

(g) Liens relating to statutory obligations of Borrower or any of its Subsidiaries with respect to surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business.

"PERSON" shall mean any natural person, corporation, partnership, joint venture, limited liability company, firm, association, government, governmental agency, court or any other entity.

"PRIOR AGREEMENT" shall have the meaning assigned to such term in Recital A of this Agreement.

"REVOLVING CREDIT COMMITMENT" shall have the meaning assigned to that term in Section 2.1 hereof.

"REVOLVING NOTE" shall have the meaning assigned to that term in Section 2.1 hereof.

"SECURITY AGREEMENTS" shall mean respectively, (a) the Borrower Security Agreement and the Guarantor Security Agreement, and (b) either of such Security Agreements.

"SELLER" shall have the meaning assigned to such term in Recital C of this Agreement.

"SKE" shall have the meaning assigned to such term in Recital B of this Agreement.

"STOCK PURCHASE" shall have the meaning assigned to such term in Recital C of this Agreement.

"STOCK PURCHASE AGREEMENT" shall have the meaning assigned to such term in Recital C of this Agreement.

"SUBORDINATED INDEBTEDNESS" shall mean Guarantor's obligations to Subordinating Creditor under the Subordinated Note, which obligations shall be subordinated in right of payment to the obligations and liabilities of Guarantor to Bank under the Guaranty pursuant to the terms of the Subordination Agreement.

"SUBORDINATED NOTE" shall mean that certain Subordinated Promissory Note dated December 1, 2000, executed by Guarantor in favor of Subordinating Creditor, in the original principal amount of Thirteen Million Five Hundred Forty-Nine Thousand Dollars (\$13,549,000), as such Subordinated Promissory Note is in effect on the date of this Agreement.

"SUBORDINATING CREDITOR" shall mean Seller.

"SUBORDINATION AGREEMENT" shall mean that certain Subordination Agreement, on Bank's standard form therefor or otherwise in form and substance acceptable to Bank, duly executed by Subordinating Creditor in favor of Bank.

"SUBSIDIARY" of a Person shall mean any corporation, association, partnership, limited liability company, joint venture or other business entity, whether foreign or domestic, of which more than fifty percent (50%) of the voting stock or other equity interests (in the case of Persons other than corporations), is owned or controlled directly or indirectly by the Person, or one or more of the Subsidiaries of the Person, or a combination thereof. Unless the context otherwise requires, (a) references herein to a "Subsidiary" shall refer to a Subsidiary of Borrower and (b) references to "Subsidiaries" shall not include Guarantor to the extent that they relate to dates or periods prior to the consummation by Borrower of the Stock Purchase. SKE shall be deemed to be a Subsidiary of Borrower.

"TANGIBLE NET WORTH" shall mean, for any fiscal period of Borrower and its Subsidiaries, the net worth of Borrower and its Subsidiaries, decreased by patents, trademarks, trade names, goodwill and other similar intangible assets of Borrower and its Subsidiaries.

"TERM NOTES" and "TERM NOTE" shall have the meanings assigned to such terms in Section 2.3 hereof.

SECTION 2. AMOUNT AND TERMS OF CREDIT

2.1 REVOLVING CREDIT COMMITMENT. Subject to the terms and conditions of this Agreement, from the date of this Agreement to but excluding July 1, 2002 (the "Revolving Credit Commitment Termination Date"), provided that no Event of Default then has occurred and is continuing, Bank will make loans (collectively, the "Revolving Loans" and individually, a "Revolving Loan") to Borrower as Borrower may request from time to time; provided, however, that the aggregate principal amount of all such Revolving Loans outstanding at any one time shall not exceed Nine Million Dollars (\$9,000,000) (the "Revolving Credit Commitment"). Within the limits of time and amount set forth in this Section 2.1, Borrower may borrow, repay and reborrow Revolving Loans under the Revolving Credit Commitment. All Revolving Loans shall be requested before the Revolving Credit Commitment Termination Date, on which date all unpaid principal of and accrued interest on all Revolving Loans shall be due and payable. Borrower's obligation to repay the principal amount of all Revolving Loans, together with accrued interest thereon, shall be evidenced by a promissory note issued by Borrower in favor of Bank (the "Revolving Note") on the standard form used by Bank to evidence its commercial loans. The Revolving Note shall replace and supersede that certain Promissory Note (Base Rate) dated June 10, 2000, issued by Borrower in favor of Bank pursuant to the Prior Agreement. Bank shall enter the amount of each Revolving Loan, and any payments thereof, in its books and records, and such entries shall be prima facie evidence of the amount outstanding under the Revolving Credit Commitment. The failure of Bank to make any notation in its books and records shall not discharge Borrower of its obligation to repay in full with interest all amounts borrowed hereunder. The proceeds of the Revolving Loans shall be disbursed for the purposes set forth in Section 2.4(a) hereof pursuant to disbursement instructions provided to Bank on Bank's standard form therefor.

2.2 ACQUISITION LOAN COMMITMENT. Subject to the terms and conditions of this Agreement, during the period from the date of this Agreement to but excluding December 29, 2000, provided that no Event of Default then has occurred and is continuing, Bank will make a term loan (the "Acquisition Loan") to Borrower in a single disbursement as Borrower may request in the principal amount of Ten Million Dollars (\$10,000,000) (the "Acquisition Loan Commitment"). Borrower's obligation to repay the principal amount of the Acquisition Loan, together with accrued interest thereon, shall be evidenced by a promissory note issued by Borrower in favor of Bank (the "Acquisition Note") on the standard form used by Bank to evidence its

commercial loans. The Acquisition Note shall replace and supersede that certain Promissory Note (Base Rate) dated June 12, 2000, issued by Borrower in favor of Bank pursuant to the Prior Agreement. The Acquisition Note shall provide for payments of principal and interest as set forth therein. On the Business Day that is exactly four (4) years after the date of the Acquisition Loan (the "Acquisition Loan Maturity Date"), all unpaid principal of and accrued but unpaid interest on the Acquisition Loan shall be due and payable. The proceeds of the Acquisition Loan shall be disbursed for the purposes set forth in Section 2.4(b) hereof pursuant to disbursement instructions provided to Bank on Bank's standard form therefor.

2.3 TERM LOANS. Pursuant to the terms and conditions of the Prior Agreement, Bank made various term loans (collectively, the "Term Loans" and individually, a "Term Loan") to Borrower in the respective original principal amounts set forth in Schedule 2.3 annexed hereto. The respective outstanding principal amounts and maturity dates of the Term Loans on the date of this Agreement are also set forth in Schedule 2.3 annexed hereto. From and after the date of this Agreement, Borrower's obligation to repay the principal amount of the Term Loans, together with accrued interest thereon, shall be evidenced by those certain promissory notes, each on Bank's standard form therefor, issued by Borrower in favor of Bank (collectively, the "Term Notes" and individually, a "Term Note"). The Term Notes shall replace and supersede the promissory notes issued by Borrower in favor of Bank pursuant to the Prior Agreement. The Term Notes shall provide for payments of principal and interest, and mature on the dates, set forth therein. The proceeds of the Term Loans were disbursed for the purposes provided for in the Prior Agreement. Borrower shall provide Bank with new disbursement instructions with respect to the Term Notes, each on Bank's standard form therefor.

2.4 PURPOSES OF THE LOANS.

(a) No more than Four Million Dollars (\$4,000,000) of the proceeds of the Revolving Loans shall be used by Borrower to consummate the Stock Purchase, and the remaining proceeds of the Revolving Loans shall be used for Borrower's general working capital purposes only.

(b) The proceeds of the Acquisition Loan shall be used by Borrower to consummate the Stock Purchase.

(c) The proceeds of the Term Loans were used by Borrower for the purposes provided for in the Prior Agreement.

2.5 INTEREST.

(a) Each Loan shall bear interest at the rate or rates provided for in the corresponding Note and selected by Borrower.

(b) Interest on the Loans shall be computed on the basis of the actual number of days during which the principal is outstanding thereunder divided by 360 which shall, for the purposes of computing interest, be considered one (1) year.

(c) Interest shall be payable on the outstanding principal amount of each Loan as set forth in the corresponding Note in accordance with Section 2.10 hereof.

2.6 VOLUNTARY PREPAYMENT. The principal Indebtedness evidenced by the Notes may, at any time and from time to time, voluntarily be paid or prepaid in whole or in part without penalty or premium in accordance with the terms of the Notes, except that, with respect to any voluntary prepayment under this Section 2.6, (a) the amount of any partial prepayment of a Loan shall not be less than One Hundred Thousand Dollars (\$100,000) and shall be in an integral multiple of Fifty Thousand Dollars (\$50,000) in excess thereof and (b) any payment or prepayment of all or any part of any Base Interest Rate Loan under and as defined in any Note on a day, other than the last day of the applicable Interest Period under and as defined in such Note, shall be subject to the payment of a prepayment fee as provided for in such Note. Principal sums so paid or prepaid shall be applied to those installments scheduled to repay the outstanding principal amount of the applicable Loan in the inverse order of maturity, but shall not postpone the due date or change the amount of any subsequent principal installment unless Bank shall otherwise agree in writing.

2.7 MANDATORY PREPAYMENTS.

(a) The principal Indebtedness evidenced by the Notes shall be prepaid on or before the fifth Business Day following the receipt by Borrower or any of its Subsidiaries of (i) Net Cash Sales Proceeds from Dispositions, by an amount equal to one hundred percent (100%) of such Net Cash Sales Proceeds, (ii) Net Cash Issuance Proceeds from the issuance of debt securities of Borrower or any of its Subsidiaries (other than Indebtedness permitted by subsections (a) through (h) and subsection (j) of the definition of Permitted Indebtedness hereinabove), by an amount equal to one hundred percent (100%) of such Net Cash Issuance Proceeds and (iii) Net Cash Issuance Proceeds from the issuance of equity securities of Borrower or any of its Subsidiaries (except any issuance of equity securities to Borrower or to any of its Subsidiaries or to employees or former employees, directors and officers of Borrower pursuant to an exercise of stock options with respect to equity in Borrower), by an amount equal to one hundred percent (100%) of such Net Cash Issuance Proceeds.

(b) On or before the date that is one hundred twenty (120) days after the close of each fiscal year of Borrower, commencing with the fiscal year ending December 31, 2001, Borrower shall prepay the principal Indebtedness evidenced by the Acquisition Note by an amount equal to fifty percent (50%) of Excess Cash Flow for such fiscal year. Principal sums so prepaid shall be applied to those installments scheduled to repay the outstanding principal amount of the Acquisition Loan in the inverse order of maturity, but shall not postpone the due date or change the amount of any subsequent principal installment unless Bank shall otherwise agree in writing.

2.8 DEFAULT RATE. If all or any portion of the principal amount of any Loan made under this Agreement shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue principal amount, and to the extent permitted by law overdue interest thereon, shall be payable on demand at a rate per annum equal to the rate which would otherwise be applicable plus five percent (5%), effective from the date that such amounts become overdue until paid in full.

2.9 ACQUISITION LOAN COMMITMENT AND DOCUMENTATION FEE. On or before the date of this Agreement, Borrower shall pay to Bank a fee in connection with the Acquisition Loan Commitment and the documentation of this Agreement and the other Loan Documents in the amount of Thirty Thousand Dollars (\$30,000). The payment of such fee shall constitute the payment in full by Borrower of all of the Bank Expenses due to Bank for the period prior to the date of this Agreement.

2.10 BANK'S RIGHT TO CHARGE DEPOSIT ACCOUNT. Borrower authorizes Bank (irrevocably until the Obligations are paid in full and Bank's commitment to extend the Loans hereunder is terminated) from time to time to charge against account number 3030152777 maintained by Borrower with Bank any principal and/or interest due or past due in respect of the Obligations under this Agreement; provided that Bank shall not have any obligation to charge past due payments against such deposit account.

SECTION 3. COLLATERAL

3.1 SECURITY PROVIDED BY BORROWER. Pursuant to the terms and conditions of the Prior Agreement, Borrower executed and delivered the Borrower Security Agreement to Bank, pursuant to which Borrower granted to Bank a security interest in all of Borrower's accounts, deposit accounts, instruments, chattel paper, documents, general intangibles, inventory, equipment and furniture, whether then owned or thereafter acquired by Borrower, all proceeds and insurance proceeds of the foregoing, all guaranties and other security therefor, and all of Borrower's present and future books and records relating thereto (including computer-stored information and all software

relating thereto), and all contract rights with third parties relating to the maintenance of any such books, records and information, as security for the payment and performance of all obligations and liabilities of Borrower to Bank under the Prior Agreement and all documents, instruments and agreements executed by Borrower in connection therewith. Borrower hereby confirms its grant of such security interest to Bank pursuant to the Borrower Security Agreement and agrees that the Borrower Security Agreement shall remain in full force and effect. The security interest granted to Bank pursuant to the Borrower Security Agreement shall be a first priority security interest, or such lesser priority as may be permitted by this Agreement. Each classification of personal property used hereinabove shall have the meaning given to it in the California Commercial Code. Nothing contained in this Section 3.1 or in the Borrower Security Agreement shall be deemed to grant Bank or confirm in favor of Bank a security interest in the assets of any Subsidiary of Borrower.

3.2 SECURITY PROVIDED BY GUARANTOR. Borrower shall cause Guarantor to execute and deliver the Guarantor Security Agreement to Bank, pursuant to which Guarantor shall grant to Bank, as security for the payment and performance of all Obligations of Guarantor to Bank under the Guaranty, a security interest in all of Guarantor's accounts, deposit accounts, instruments, chattel paper, documents, general intangibles, inventory, equipment, furniture and fixtures, whether now owned or hereafter acquired by Guarantor, all proceeds and insurance proceeds of the foregoing, all guaranties and other security therefor, and all of Guarantor's present and future books and records relating thereto (including computer-stored information and all software relating thereto), and all contract rights with third parties relating to the maintenance of any such books, records and information. The security interest granted to Bank pursuant to the Guarantor Security Agreement shall be a first priority security interest, or such lesser priority as may be permitted by this Agreement.

3.3 POWER OF ATTORNEY. Until the Obligations of Borrower are paid in full and Bank has no commitment to extend further Loans hereunder, Borrower hereby irrevocably makes, constitutes and appoints Bank (and any officers, employees or agents of Bank designated by Bank) as Borrower's true and lawful attorney, with power to sign Borrower's name on any documents or instruments which Bank believes should be executed, recorded and/or filed in order to perfect, or continue the perfection, of Bank's security interest in the Collateral or to liquidate or realize value from the Collateral after the occurrence of an Event of Default.

SECTION 4. CONDITIONS PRECEDENT

4.1 CONDITIONS PRECEDENT TO INITIAL LOAN. The obligation of Bank to make its initial Loan hereunder is subject to the fulfillment, to the satisfaction of Bank and its counsel, of each of the following conditions:

(a) NOTES. Bank shall have received the Notes, duly executed by Borrower to the order of Bank;

(b) AUTHORIZATIONS TO OBTAIN CREDIT.

(i) Bank shall have received an Authorization to Obtain Credit, on Bank's standard form therefor, duly executed by the secretary of Borrower, attesting to the resolution of the board of directors of Borrower authorizing the execution and delivery of this Agreement, the Notes and all other Loan Documents required hereunder to which Borrower is a party and authorizing specific responsible officers of Borrower to execute same;

(ii) Bank shall have received an Authorization to Obtain Credit, on Bank's standard form therefor, duly executed by the secretary of Guarantor, attesting to the resolution of the board of directors of Guarantor authorizing the execution and delivery of the Guaranty and all other Loan Documents required hereunder to which Guarantor is a party and authorizing specific responsible officers of Guarantor to execute same; and

(iii) Bank shall have received an Authorization to Obtain Credit, on Bank's standard form therefor, duly executed by the secretary of Subordinating Creditor, attesting to the resolution of the board of directors of Subordinating Creditor authorizing the execution and delivery of the Subordination Agreement and all other Loan Documents required hereunder to which Subordinating Creditor is a party and authorizing specific responsible officers of Subordinating Creditor to execute same;

(c) ALTERNATIVE DISPUTE RESOLUTION AGREEMENTS. Bank shall have received the Alternative Dispute Resolution Agreements;

(d) NO MATERIAL ADVERSE CHANGE. No material adverse change shall have occurred in the business, operations, assets, prospects, earnings or condition (financial or otherwise) of Borrower;

(e) AUTHORIZATIONS TO DISBURSE. Bank shall have received executed Authorizations to Disburse, each on Bank's standard form therefor, duly executed by Borrower, directing Bank to disburse the proceeds of the Loans as provided for herein;

(f) GUARANTY. Bank shall have received the Guaranty, duly executed by Guarantor;

(g) COLLATERAL DOCUMENTS. Bank shall have received the Guarantor Security Agreement, together with such UCC financing statements, fixture filings, UCC searches, tax lien and litigation searches, insurance certificates, waivers and consents, and other similar documents as Bank may require, and in such form as Bank may require, in order to evidence, perfect (in the priority required hereunder) and assure Bank's security interest in the Collateral;

(h) SUBORDINATION AGREEMENT. Bank shall have received the Subordination Agreement, duly executed by Subordinating Creditor. The Subordination Agreement shall provide, among other things, that so long as (i) Borrower and Guarantor have made each and every payment of principal and interest due and owing to Bank, (ii) no Event of Default has occurred and is then continuing and (iii) none of such payments would result in an Event of Default, then Subordinating Creditor shall be entitled to receive (A) regularly scheduled payments (but not prepayments or payments resulting from acceleration) of interest on the Subordinated Indebtedness and (B) the regularly scheduled payment (but not a prepayment or a payment resulting from acceleration) of principal in the amount of Three Million Five Hundred Forty-Nine Thousand Dollars (\$3,549,000) on the Subordinated Indebtedness that is due and payable on March 31, 2001. The Subordination Agreement shall further provide that, so long as any of the obligations and liabilities of Guarantor to Bank under the Guaranty remain unpaid, Subordinating Creditor shall in no event be entitled to receive any payments or prepayments of principal on the Subordinated Indebtedness (other than as provided for hereinabove) without Bank's prior written consent, which Bank may give or withhold in its sole discretion;

(i) SUBORDINATED NOTE. Bank shall have received the original Subordinated Note, legended as provided for in the Subordination Agreement;

(j) ACQUISITION LOAN COMMITMENT AND DOCUMENTATION FEE. Bank shall have received the fee in respect of the Acquisition Loan Commitment and the documentation of this Agreement and the other Loan Documents, as provided for in Section 2.9 hereof;

(k) STOCK PURCHASE AGREEMENT. Bank shall have received a copy of the duly executed Stock Purchase Agreement, and same shall be in substantially the form of the draft of the Stock Purchase Agreement dated November 27, 2000 provided to Bank prior to the date of this Agreement;

(l) INITIAL PURCHASE PRICE. Bank shall have determined that the Initial Purchase Price (as such term is defined in the Stock Purchase Agreement) to be paid by Borrower in connection with the Stock Purchase will not exceed Twenty-Five Million Dollars (\$25,000,000); and

(m) OTHER DOCUMENTS. Bank shall have received such other documents, instruments and agreements as Bank may reasonably require in order to effect fully the transactions contemplated by this Agreement.

4.2 CONDITION SUBSEQUENT. The obligation of Bank to extend credit to Borrower hereunder is subject to Bank's receipt, within thirty (30) days after the date of this Agreement, of a UCC-2 termination statement, executed by Citibank, N.A., whereby Citibank, N.A. shall terminate its security interest in those assets of Guarantor in which Citibank, N.A. has a security interest on the date of this Agreement.

4.3 CONDITIONS PRECEDENT TO SUBSEQUENT LOANS. The obligation of Bank to make each Loan hereunder subsequent to the initial Loan is subject to the fulfillment, at or prior to the time of the making of such Loan, of each of the following further conditions:

(a) REPRESENTATIONS AND WARRANTIES. The representations and warranties contained in this Agreement shall be true, complete and accurate in all material respects on and as of such date (except to the extent that such representations and warranties relate solely to any earlier date); and

(b) NO EVENT OF DEFAULT. No Event of Default or event which, with the lapse of time or notice, or both, would be an Event of Default shall have occurred and be continuing on the date of such Loan, nor shall either result from the making of such Loan.

SECTION 5. REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants that:

5.1 PRINCIPAL BUSINESS ACTIVITY. The principal business of Borrower is the manufacturing and distribution of discrete semiconductor devices primarily for manufacturers in the automotive, computer and telecommunications industries.

5.2 AUTHORITY TO BORROW. The execution, delivery and performance of this Agreement, the Notes and all other Loan Documents to which Borrower is a party are

not in contravention of any of the terms of any indenture, agreement or undertaking to which Borrower is a party or by which it or any of its property is bound or affected.

5.3 FINANCIAL STATEMENTS.

(a) The consolidated Financial Statement of Borrower and its Subsidiaries as at September 30, 2000, for the nine (9) month fiscal period of Borrower and its Subsidiaries ended on such date, has heretofore been furnished to Bank, and is true and complete and fairly represents the financial condition of Borrower and its Subsidiaries for the fiscal period covered thereby. Since September 30, 2000, there has been no material adverse change in the business, operations, assets, prospects, earnings or condition (financial or otherwise) of Borrower and its Subsidiaries, taken as a whole.

(b) The Financial Statement of Guarantor as at October 31, 2000, for the ten (10) month fiscal period of Guarantor ended on such date, has heretofore been furnished to Bank, and is true and complete and fairly represents the financial condition of Guarantor for the fiscal period covered thereby. Since October 31, 2000, there has been no material adverse change in the business, operations, assets, prospects, earnings or condition (financial or otherwise) of Guarantor.

5.4 ADVERSE CHANGE. Except for assets which may have been disposed of in the ordinary course of business, Borrower and its Subsidiaries have good and marketable title to all of the property reflected in the Financial Statement of Borrower and its Subsidiaries as at September 30, 2000 and to all property acquired by it since that date, free and clear of all Liens except those specifically set forth therein.

5.5 NO LITIGATION. There is no litigation or proceeding pending or threatened against Borrower or any of its Subsidiaries, or any of their respective properties, the results of which, if decided adversely, are likely to have a material adverse effect on the financial condition, property or business of Borrower or any of its Subsidiaries or result in liability in excess of the insurance coverage of Borrower or any of its Subsidiaries.

5.6 NO EVENT OF DEFAULT. Borrower is not now in default in the payment of any of its material obligations, and there exists no event, condition or act which constitutes an Event of Default and no event, condition or act which with notice, the lapse of time, or both, would constitute an Event of Default.

5.7 ORGANIZATION. Each of Borrower and Guarantor is duly organized and existing under the laws of the State of Delaware, without limitation as to its existence, and has the power and authority to carry on the business in which it is engaged and proposes to engage.

5.8 POWER AND AUTHORITY. Borrower has the corporate power and authority to enter into this Agreement and to execute and deliver the Notes and all of the other Loan Documents to which it is a party. Guarantor has the corporate power and authority to execute and deliver the Guaranty and any other Loan Document to which it is a party.

5.9 QUALIFICATION. Each of Borrower and Guarantor is duly qualified and in good standing as a foreign corporation wherever such qualification is required, except in those jurisdictions where the failure to so qualify would not have a material adverse effect on the business, operations, assets, prospects, earnings or condition (financial or otherwise) of Borrower or Guarantor.

5.10 ERISA. The defined benefit pension plans (as such term is defined in the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) of Borrower and Guarantor, meet, as of the date hereof, the minimum funding standards of section 302 of ERISA, and no Reportable Event (as such term is defined in ERISA) or Prohibited Transaction (as such term is defined in ERISA) has occurred with respect to any such plan.

5.11 REGULATION U. No action has been taken or is currently planned by Borrower, or any agent acting on its behalf, which would cause this Agreement or any Loan to violate Regulation U or any other regulation of the Board of Governors of the Federal Reserve System or to violate the Securities and Exchange Act of 1934, in each case as in effect now or as the same may hereafter be in effect. Borrower is not engaged principally, or as one of its most important activities, in the business of extending credit for the purpose of purchasing or carrying "margin stock" as that term is defined in Regulation U and none of the proceeds of any Loan hereunder have been or shall be used for the purpose, directly or indirectly, of purchasing or carrying any such margin stock.

5.12 NO CURRENT LIMITATION ON REPATRIATION OF CASH PROFITS. On the date of this Agreement, there is no limitation on the repatriation by Borrower of Cash from profits generated by its foreign Subsidiaries.

SECTION 6. AFFIRMATIVE COVENANTS

Borrower covenants and agrees that, so long as this Agreement shall be in effect and until payment in full of all Obligations, including, without limitation, any accrued and unpaid interest thereon, and any other amounts due hereunder, Borrower shall perform each and all of the following covenants applicable to it:

6.1 PAYMENT OF OBLIGATIONS. Borrower shall promptly pay and discharge, and cause each of its Subsidiaries to promptly pay and discharge, all taxes, assessments and other governmental charges and claims levied or imposed upon it or its property, or any part thereof; provided, however, that Borrower and its Subsidiaries shall have the right in good faith to contest any such taxes, assessments, charges or claims and, pending the outcome of such contest, to delay or refuse payment thereof, provided that such reserves as may be required by GAAP are established by them to pay and discharge any such taxes, assessments, charges and claims.

6.2 MAINTENANCE OF EXISTENCE. Each of Borrower and its Subsidiaries shall maintain and preserve its existence and assets and all rights, franchises and other authority necessary for the conduct of its business and shall maintain and preserve its property, equipment and facilities in good order, condition and repair. Bank may, at reasonable times, visit and inspect any of the properties of Borrower and its Subsidiaries.

6.3 RECORDS. Each of Borrower and its Subsidiaries shall keep and maintain full and accurate accounts and records of its operations in accordance with GAAP and shall permit Bank to have access thereto, to make examination thereof, and to audit same during regular business hours.

6.4 INFORMATION FURNISHED. Borrower shall furnish or cause to be furnished to Bank:

(a) QUARTERLY FINANCIAL STATEMENTS. Within sixty (60) days after the close of each fiscal quarter, except for the last fiscal quarter of each fiscal year, a copy of the unaudited consolidated Financial Statements of Borrower and its Subsidiaries, on Form 10-Q, as of the close of such fiscal quarter, prepared in accordance with GAAP (except that such unaudited Financial Statements need not include footnotes and other informational disclosures);

(b) ANNUAL FINANCIAL STATEMENTS. Within one hundred twenty (120) days after the close of each fiscal year of Borrower, a copy of the consolidated Financial Statements of Borrower and its Subsidiaries, on Form 10-K, as of the close of such fiscal year, prepared on an audited basis in accordance with GAAP by an independent certified public accountant selected by Borrower and reasonably satisfactory to Bank;

(c) COMPLIANCE CERTIFICATES. With each quarterly and annual Financial Statement furnished to Bank pursuant to Sections 6.4(a) and 6.4(b), a certificate of Borrower's chief financial officer or controller (i) setting forth in reasonable detail the calculations required to establish that Borrower was in compliance with its covenants

set forth in Sections 6.5 through 6.8 and Section 7.8 hereof during the period covered by such Financial Statement and (ii) stating that, except as explained in reasonable detail in such certificate, (A) all of the representations, warranties and covenants of Borrower contained in this Agreement and the other Loan Documents are correct and complete as at the date of such certificate, except for those representations and warranties which relate to a particular date and (B) no Event of Default then exists or existed during the period covered by such Financial Statement. If such certificate discloses that a representation or warranty is not correct or complete, that a covenant has not been complied with, or that an Event of Default exists or existed, such certificate shall set forth the action, if any, that Borrower has taken or proposes to take with respect thereto;

(d) NOTICE OF LIMITATION ON REPATRIATION OF CASH PROFITS. Within thirty (30) days after obtaining knowledge of any change in law which would limit or otherwise restrict the repatriation by Borrower of Cash from profits generated by its foreign Subsidiaries, written notice of such change in law; and

(e) OTHER INFORMATION. Such other financial statements and information as Bank may reasonably request from time to time.

6.5 LEVERAGE RATIO. Borrower and its Subsidiaries shall maintain a Leverage Ratio of not greater than (a) 2.0 to 1.0 as of the last day of the fiscal quarter ending December 31, 2000 and (b) 1.75 to 1.0 as of the last day of each fiscal quarter ending thereafter.

6.6 FIXED CHARGE COVERAGE RATIO. Borrower and its Subsidiaries shall maintain a Fixed Charge Coverage Ratio of not less than (a) 1.25 to 1.0 as of the last day of the fiscal quarter ending December 31, 2000, and (b) 1.75 to 1.0 as of the last day of each fiscal quarter ending thereafter.

6.7 FIXED CHARGE COVERAGE RATIO (EXCLUDING SKE). Borrower and its Subsidiaries (excluding SKE) shall maintain a Fixed Charge Coverage Ratio of not less than 1.0 to 1.0 as of the last day of each fiscal quarter.

6.8 NET PROFIT AFTER TAXES. Borrower and its Subsidiaries shall achieve Net Profit After Taxes of not less than Five Hundred Thousand Dollars for each fiscal quarter.

6.9 INSURANCE. Each of Borrower and Guarantor shall keep all of its insurable property, whether real, personal or mixed, insured by good and responsible companies selected by Borrower or Guarantor and approved by Bank against fire and such other risks as are customarily insured against by companies conducting similar business with

respect to like properties. Each of Borrower and Guarantor shall furnish to Bank a statement of its insurance coverage, shall promptly furnish other or additional insurance deemed reasonably necessary by and upon the reasonable request of Bank to the extent that such insurance may be available and hereby assigns to Bank, as security for the payment of its Obligations, the proceeds of any such insurance. Bank will be named loss payee on all policies insuring the Collateral. Each of Borrower and Guarantor will maintain adequate worker's compensation insurance and adequate insurance against liability for damage to persons or property. Each policy shall require ten (10) days' written notice to Bank before such policy may be altered or cancelled.

6.10 BANK EXPENSES. Borrower shall pay or reimburse Bank for all Bank Expenses as and when such Bank Expenses become due.

6.11 BROKERAGE FEES. Neither Borrower nor any of its Subsidiaries shall pay, directly or indirectly, any fee, commission or compensation of any kind to any Person for any services in connection with this Agreement.

6.12 NOTICE OF DEFAULT. Borrower shall give prompt written notice to Bank of any Event of Default under this Agreement and of any default under any other Loan Document, and shall give prompt written notice to Bank of any change in management, change in name, liquidation and of any other matter which has resulted in, or might result in, a material adverse change in the business, operations, assets, prospects, earnings or condition (financial or otherwise) of Borrower or any of its Subsidiaries.

6.13 EXECUTION OF OTHER DOCUMENTS. Borrower shall promptly, and shall cause each of its Subsidiaries to promptly, upon demand by Bank, execute all such additional agreements, contracts, documents and instruments in connection with this Agreement as Bank may reasonably request in order to effect fully the purposes hereof.

6.14 REPORTS UNDER PENSION PLANS. Borrower shall furnish to Bank, as soon as possible and in any event within fifteen (15) days after Borrower knows or has reason to know that any event or condition described in Section 5.10 hereof has occurred, a statement of a responsible officer of Borrower describing such event or condition and the action, if any, which Borrower proposes to take with respect thereto.

SECTION 7. NEGATIVE COVENANTS

Borrower covenants and agrees that, so long as this Agreement shall be in effect and until payment in full of all Obligations, including, without limitation, any accrued

and unpaid interest thereon, and any other amounts due hereunder, Borrower shall perform each and all of the following covenants applicable to it:

7.1 LIENS. Borrower shall not create, incur, assume or permit to exist, or permit any of its Subsidiaries to create, incur, assume or permit to exist, directly or indirectly, any Lien on or with respect to any of its property, whether real, personal or mixed, and whether now owned or hereafter acquired, or upon the income or profits therefrom, except for Permitted Liens.

7.2 DISPOSITIONS. Borrower shall not make, or permit any of its Subsidiaries to make, any Disposition of its property, whether now owned or hereafter acquired, except (a) a Disposition by Borrower to any of its Subsidiaries and (b) a Disposition for which the Net Cash Sales Proceeds, when added to the aggregate Net Cash Sales Proceeds of all Dispositions made during the term of this Agreement, do not exceed Five Hundred Thousand Dollars (\$500,000).

7.3 INDEBTEDNESS. Borrower shall not create, incur or assume, or permit any of its Subsidiaries to create, incur or assume, any Indebtedness, other than Permitted Indebtedness.

7.4 GUARANTY OBLIGATIONS. Borrower shall not create, incur or assume, or permit any of its Subsidiaries to create, incur or assume, any Guaranty Obligations, other than Permitted Guaranty Obligations.

7.5 LIQUIDATION OR MERGER. Without the prior written consent of Bank, which consent shall not be unreasonably withheld, Borrower shall not, and shall not permit any of its Subsidiaries to, liquidate, dissolve or enter into any consolidation, merger, partnership or other combination, or purchase or lease all or the greater part of the assets or business of another Person, except that Borrower may consummate the Stock Purchase in accordance with the terms and conditions of the Stock Purchase Agreement.

7.6 LOANS AND ADVANCES. Without the prior written consent of Bank, which consent shall not be unreasonably withheld, Borrower shall not make, or permit any of its Subsidiaries to make, any loans or advances or otherwise extend credit to any other Person, except that Borrower may extend trade credit in the ordinary course of business as currently conducted to any of its Subsidiaries.

7.7 INVESTMENTS. Borrower shall not purchase the debt or equity of another Person except (a) for savings accounts and certificates of deposit of Bank, (b) direct U.S. Government obligations and commercial paper issued by corporations with the top ratings of Moody's Investors Service, Inc. or the Standard & Poor's Ratings

Division of McGraw-Hill, Inc., provided that all such permitted investments shall mature within one (1) year of purchase and (c) that Borrower may consummate the Stock Purchase in accordance with the terms and conditions of the Stock Purchase Agreement.

7.8 PAYMENT OF DIVIDENDS. Except for dividends paid by foreign Subsidiaries of Borrower to Borrower, Borrower shall not declare or pay, or permit any of its Subsidiaries to declare or pay, directly or indirectly, any dividends, in cash, return of capital or any other form (other than dividends payable in its own common stock), or authorize or make any other distribution with respect to any of its stock now or hereafter outstanding.

7.9 RETIREMENT OF STOCK. Borrower shall not redeem or retire, or permit any of its Subsidiaries to redeem or retire, any share of its capital stock.

7.10 CAPITAL EXPENDITURES. Borrower and its Subsidiaries shall not in any fiscal year make or incur any Capital Expenditure if after giving effect thereto, the aggregate amount of all Capital Expenditures by Borrower and its Subsidiaries in such fiscal year would exceed (a) Twenty Million Dollars (\$20,000,000) for the fiscal year ending December 31, 2000 or (b) Eighteen Million Five Hundred Thousand Dollars (\$18,500,000) for any fiscal year thereafter.

7.11 TRANSACTIONS WITH AFFILIATES. Borrower shall not directly or indirectly enter into or permit to exist any transaction (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with any holder of ten percent (10%) or more of any class of equity securities of Borrower or with any Affiliate of Borrower on terms that are less favorable to Borrower or its Affiliates, as the case may be, than those terms which might be obtained at the time from third parties, or otherwise not obtained through good faith negotiation on an arm's length basis. Nothing contained in this Section 7.11 shall be deemed to prohibit or in any manner restrict Borrower from consummating the Stock Purchase in accordance with the terms and conditions of the Stock Purchase Agreement.

7.12 OPERATING LEASE OBLIGATIONS. Borrower and its Subsidiaries shall not permit their lease payments, as lessees, under existing and future operating leases to exceed Three Million Dollars (\$3,000,000) in the aggregate in any one fiscal year. Each of such operating leases shall be of equipment or real property needed by Borrower or any of its Subsidiaries in the ordinary course of its business.

SECTION 8. EVENTS OF DEFAULT

8.1 EVENTS OF DEFAULT. The occurrence of any one or more of the following events, acts or occurrences shall constitute an event of default (collectively, "Events of Default" and individually, an "Event of Default") hereunder:

(a) FAILURE TO MAKE PAYMENTS WHEN DUE. Borrower shall fail to pay any amount owing under this Agreement or under any other Loan Document (including principal, interest, fees and Bank Expenses) when such amount is due, whether at stated maturity, as a result of any mandatory repayment or prepayment requirement, by acceleration, by notice of prepayment or otherwise; or

(b) BREACH OF REPRESENTATION OR WARRANTY. Any representation or warranty made by Borrower or any of its Subsidiaries under this Agreement or any other Loan Document, or in any certificate or financial or other statement heretofore or hereafter furnished by Borrower or any of its Subsidiaries, shall prove to have been false, incorrect or incomplete in any material respect when made, effective or reaffirmed, as the case may be; or

(c) VIOLATION OF COVENANTS. Borrower or any of its Subsidiaries shall fail or neglect to perform, keep or observe any term, provision, condition, covenant, agreement, warranty or representation contained in this Agreement or any other Loan Document, and such failure shall not be cured within any applicable grace period provided for therein; or

(d) INSOLVENCY PROCEEDING. Borrower or any of its Subsidiaries shall become insolvent or shall fail generally to pay its Indebtedness as such Indebtedness becomes due; or an Insolvency Proceeding shall be commenced by or against Borrower or any of its Subsidiaries and, in the case of an involuntary petition against Borrower or any of its Subsidiaries, such petition shall not be dismissed or discharged within ninety (90) days of commencement; or

(e) DISSOLUTION OR LIQUIDATION. Borrower or any of its Subsidiaries shall voluntarily dissolve, liquidate or suspend its business in whole or in part; or there shall be commenced against Borrower or any of its Subsidiaries any proceeding for the dissolution or liquidation of Borrower or such Subsidiary and such proceeding shall not be dismissed or discharged within sixty (60) days of commencement; or

(f) APPOINTMENT OF RECEIVER. Borrower or any of its Subsidiaries shall apply for or consent to the appointment, or commence any proceeding for the appointment, of a receiver, trustee, custodian or similar official for all or substantially all of its property; or any proceeding for the appointment of a receiver, trustee,

custodian or similar official for all or substantially all of the property of Borrower or any of its Subsidiaries shall be commenced against Borrower or such Subsidiary and shall not be dismissed or discharged within sixty (60) days of commencement; or

(g) JUDGMENTS AND ATTACHMENTS. Borrower or any of its Subsidiaries, or any of their respective properties shall suffer any money judgment, writ, warrant of attachment or similar process involving the payment of money in excess of Five Hundred Thousand Dollars (\$500,000) and such judgment, writ, warrant of attachment or similar process shall remain undischarged in accordance with its terms and the enforcement thereof shall be unstayed and either (i) an enforcement proceeding shall have been commenced and be pending by any creditor thereon or (ii) there shall have been a period of sixty (60) consecutive calendar days during which stays of such judgment, writ, warrant of attachment or similar process, by reason of pending appeals or otherwise, were not in effect; or

(h) FAILURE TO COMPLY. Borrower or any of its Subsidiaries shall fail to comply with any order, non-monetary judgment, injunction, decree, writ or demand of any court or other public authority, and such order, non-monetary judgment, injunction, decree, writ or demand shall continue unsatisfied and in effect for a period of thirty (30) days without being vacated, discharged, satisfied or stayed or bonded pending appeal; or

(i) NOTICE REGARDING TAXES. A notice of levy, notice to withhold or other legal process for taxes (other than property taxes) shall be filed or recorded against Borrower or any of its Subsidiaries, or against the property of Borrower or any of its Subsidiaries, and such notice or other legal process shall not be released, stayed, vacated, bonded or otherwise dismissed within sixty (60) days after the date of its filing or recording; or

(j) BORROWER CHANGE OF CONTROL. Subordinating Creditor shall at any time cease to be the owner of at least twenty percent (20%) of the issued and outstanding common stock of Borrower; or

(k) BREACH OF ANY LOAN DOCUMENT. Any Loan Document shall be breached or become ineffective, or Borrower or any of its Subsidiaries shall disavow or attempt to revoke or terminate any Loan Document to which it is a party; or

(l) DEFAULT UNDER OTHER AGREEMENTS. Borrower or any of its Subsidiaries shall (i) fail under any agreement, document or instrument to pay the principal, or any principal installment, of any present or future Indebtedness for borrowed money of Five Hundred Thousand Dollars (\$500,000) or more, or any guaranty of present or future Indebtedness for borrowed money of Five Hundred Thousand Dollars

(\$500,000) or more, when due (or within any stated grace period), whether at the stated maturity, upon acceleration, by reason of required prepayment or otherwise or (ii) fail to perform or observe any other term, covenant or other provision of any agreement, document or instrument binding upon Borrower or such Subsidiary if, as a result of such failure, any Person has the right to accelerate the indebtedness of Borrower or such Subsidiary in an amount in excess of Five Hundred Thousand Dollars (\$500,000) or otherwise require the payment of any amount in excess of Five Hundred Thousand Dollars (\$500,000) to be paid prior to the date when such amount would otherwise become due; or

(m) INSECURITY. A material deterioration in the financial condition of Borrower or any of its Subsidiaries shall occur which results in Bank deeming itself, in good faith, insecure.

8.2 REMEDIES. Upon the occurrence of an Event of Default, unless such Event of Default shall have been remedied or waived in writing by Bank, Bank may, at its option, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, do one or more of the following at any time or times and in any order: (a) reduce the amount of or refuse to make any Loan under this Agreement; (b) declare any and all Obligations outstanding under this Agreement to be immediately due and payable, notwithstanding anything contained herein or in any Note or other Loan Document to the contrary (provided, however, that upon the occurrence of any Event of Default described in Section 8.1(d), (e) or (f) hereof, all Obligations shall automatically become due and payable); and (c) enforce payment of all Obligations of Borrower under this Agreement and the other Loan Documents. Notwithstanding anything to the contrary contained herein, Bank shall have no obligation to make any Loan to Borrower during any cure period provided for in Section 8.1 hereof.

SECTION 9. MISCELLANEOUS PROVISIONS

9.1 ADDITIONAL REMEDIES. The rights, powers and remedies given to Bank hereunder shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Bank by law against Borrower or any other Person, including but not limited to Bank's rights of setoff or banker's lien.

9.2 NONWAIVER. Any forbearance or failure or delay by Bank in exercising any right, power or remedy hereunder shall not be deemed a waiver thereof and any single or partial exercise of any right, power or remedy shall not preclude the further exercise thereof. No waiver shall be effective unless it is in writing and signed by an officer of Bank.

9.3 INUREMENT. The benefits of this Agreement shall inure to the successors and assigns of Bank and the permitted successors and assigns of Borrower. Borrower shall not assign any of its rights or obligations under this Agreement to any Person without Bank's prior written consent, and any assignment attempted without Bank's prior written consent shall be void.

9.4 APPLICABLE LAW; JURISDICTION. This Agreement and all other Loan Documents shall be governed and construed in accordance with the laws of the State of California. Borrower and Bank hereby submit to the jurisdiction of any court having jurisdiction in the matter in accordance with the Alternative Dispute Resolution Agreement executed by and between Borrower and Bank.

9.5 SEVERABILITY. Should any one or more provisions of this Agreement be determined to be illegal or unenforceable, all other provisions nevertheless shall be effective.

9.6 INTEGRATION CLAUSE. Except for the other Loan Documents to which Borrower is a party, this Agreement constitutes the entire agreement between Bank and Borrower, and all prior communications, whether verbal or written, between Borrower and Bank shall be of no further effect or evidentiary value.

9.7 CONSTRUCTION. The Section and subsection headings herein are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

9.8 AMENDMENTS. This Agreement may be amended only in writing signed by all parties hereto.

9.9 DOCUMENTATION. All documentation evidencing or pertaining to the Obligations under this Agreement and the other Loan Documents shall be on Bank's standard forms or otherwise in form and content acceptable to Bank. To the extent that the terms or conditions of this Agreement are inconsistent with the terms or conditions of such documentation, the terms and conditions of this Agreement shall prevail.

9.10 COUNTERPARTS. This Agreement may be executed in as many counterparts as may be deemed necessary or convenient, and by the different parties hereto on separate counterparts each of which, when so executed, shall be deemed an original but all such counterparts shall constitute but one and the same agreement. This Agreement shall become effective upon the receipt by Bank and Borrower of executed counterparts signed by each of them.

9.11 SETOFF. Borrower hereby acknowledges and specifically grants Bank a security interest in, banker's lien upon, and right of recoupment and setoff respecting any and all deposit or other accounts maintained by Borrower with Bank, whether held in a general or special account or deposited for safekeeping or otherwise, and regardless of how such account may be titled, and any other property of Borrower held in the possession or custody of Bank or its agents. Borrower further acknowledges that the exercise of setoff, if any, shall require, and only be deemed to occur upon, the affirmative action of Bank. Bank agrees to notify Borrower promptly after any such setoff and application; provided, however, that the failure to give such notice shall not affect the validity of such setoff and application.

SECTION 10. NOTICES

10.1 NOTICES. Any notice or other communication provided for or allowed hereunder shall be considered to have been validly given if delivered personally, and evidenced by a receipt signed by an authorized agent or addressee, or 72 hours after being deposited in the United States mail, registered or certified, postage prepaid, return receipt requested, or 48 hours after being sent by Federal Express or other courier service, or, in the case of telecopied notice, when telecopied, receipt acknowledged, and addressed as provided below.

If to Borrower: Diodes Incorporated
 3050 East Hillcrest Drive
 Westlake Village, California 91362-3154
 Attention: Carl Wertz
 Chief Financial Officer

Telephone No.: (805) 446-4800
 Facsimile No.: (805) 381-3825

With a copy to: Rosenthal & Smith
 6345 Balboa Boulevard, Building 2, Suite 330
 Encino, California 91316
 Attention: Jerome B. Smith, Esq.

Telephone No.: (818) 344-9900
 Facsimile No.: (818) 344-9986

If to Bank: Union Bank of California, N.A.

Commercial Banking Group--Greater Los Angeles Division
445 South Figueroa Street, 10th Floor
Los Angeles, California 90071
Attention: John C. Kase
Vice President

Telephone No.: (213) 236-7329
Facsimile No.: (213) 236-7635

10.2 CHANGE OF ADDRESS. The addresses to which notices or demands are to be given may be changed from time to time by notice served as provided above.

THIS AGREEMENT is duly executed on behalf of the parties hereto as of the date first above written.

"Borrower"

DIODES INCORPORATED

By: /s/ Carl Wertz

Title: Chief Financial Officer

"Bank"

UNION BANK OF CALIFORNIA, N.A.

By: /s/ John Case

Title: Vice President

EXHIBIT 10.33

SUBORDINATION AGREEMENT

To: Union Bank of California, N.A.
Commercial Banking Group
Greater Los Angeles Division
445 South Figueroa Street, 10th Floor
Los Angeles, California 90071

Attention: John C. Kase
Vice President

The undersigned, Lite-On Power Semiconductor Corp., a Taiwan corporation ("Creditor"), is interested in the financial success of FabTech, Inc., a Delaware corporation ("Guarantor"), and acknowledges that Union Bank of California, N.A., a national banking association ("Bank"), has extended various credit facilities to Diodes Incorporated, a Delaware corporation ("Borrower"). In connection with the extension of such credit facilities to Borrower, Guarantor has executed and delivered to Bank, or is about to execute and deliver to Bank, that certain Continuing Guaranty dated as of December 1, 2000, in the principal amount of Twenty-Six Million Five Hundred Twenty-Eight Thousand Three Hundred Thirty-Three and 38/100 Dollars (\$26,528,333.38) (exclusive of accrued interest and Bank Expenses (as such term is defined in the Credit Agreement referred to hereinbelow) (the "Guaranty"). Creditor agrees that the financing arrangements between Bank and Borrower, and Bank and Guarantor, are in Borrower's, Guarantor's and Creditor's best interests and, in order to induce Bank to continue such financing arrangements with Borrower, including the financing arrangements evidenced by that certain Credit Agreement dated as of December 1, 2000 (as at any time amended, supplemented or otherwise modified or restated, the "Credit Agreement"), Creditor agrees as follows:

1. The term "Obligations" is used in this Subordination Agreement (this "Agreement") in its broadest and most comprehensive sense and shall mean all present and future indebtedness of Guarantor which may be, from time to time, incurred by Guarantor, including, but not limited to, any negotiable instruments evidencing the same, all guaranties (including the Guaranty), debts, demands, monies, indebtedness, liabilities and obligations owed or to become owing, including interest, principal, costs and other charges, whether incurred before, during or after any bankruptcy, reorganization, insolvency, receivership or similar proceeding, and all claims, rights, causes of action, judgments, decrees, remedies or other obligations of any kind whatsoever and howsoever arising, whether voluntary, involuntary, absolute,

contingent, direct, indirect or by operation of law, together with all expenses of, for and incidental to collection, including reasonable attorneys' fees.

2. The term "Creditor Obligations" shall mean all of the Obligations owing at any time by Guarantor to Creditor under the terms of that certain Subordinated Promissory Note dated December 1, 2000, in the principal amount of Thirteen Million Five Hundred Forty-Nine Thousand Dollars (\$13,549,000), issued by Guarantor to Creditor, together with any amendments, modifications, restatements, reissuances or rollovers of such Subordinated Promissory Note.

3. Except as provided in Section 5, below, the Creditor Obligations are hereby subordinated and subject, in the manner and to the extent described below, to any and all Obligations owed by Guarantor to Bank, including, but not limited to, those Obligations arising pursuant to the Guaranty or any other agreement or agreements between Bank and Guarantor, whether now or hereafter existing, and whether matured or not (the "Bank Obligations"), so long as any of the Bank Obligations shall remain unpaid, in whole or in part, or Bank is committed or otherwise obligated to extend credit to Borrower.

4. So long as any of the Bank Obligations remain unpaid, in whole or in part, or so long as Bank is committed or otherwise obligated to extend credit to Borrower, Creditor agrees that, except to the extent that payments under the Creditor Obligations are permitted under Section 5 below, Creditor shall not: (a) collect, or receive payment upon, by setoff or in any other manner, all or any portion of the Creditor Obligations now or hereafter existing; (b) sell, assign, transfer, pledge or give a security interest in the Creditor Obligations (except subject expressly to this Agreement); (c) declare or in any other manner find or hold Guarantor in default under the Creditor Obligations; (d) enforce or apply any security, now or hereafter existing for the Creditor Obligations; (e) commence, prosecute or participate in any administrative, legal, or equitable action against Guarantor concerning the Creditor Obligations; (f) join in any petition for bankruptcy, assignment for the benefit of creditors, or creditors' agreement; (g) take, maintain or enforce any lien or security, which is senior to Bank's interest, in any property, real or personal, to secure the Creditor Obligations; or (h) incur any obligation to, or receive any loans, advances, dividends, payments of any kind or gifts from, Guarantor.

5. Notwithstanding the preceding Section, so long as Borrower and Guarantor have made each and every payment of principal and interest due and owing to Bank, are not in default under any of Borrower's or Guarantor's agreements with Bank or Bank has waived such default, and none of the following payments would cause such default, then Creditor shall be entitled to receive (a) regularly scheduled payments (but not prepayments or payments resulting from acceleration) of interest on the Creditor

Obligations and (b) the regularly scheduled payment (but not a prepayment or a payment resulting from acceleration) of principal in the amount of Three Million Five Hundred Forty-Nine Thousand Dollars (\$3,549,000) on the Creditor Obligations that is due and payable on March 31, 2001. In no event shall Creditor be entitled to receive any payments or prepayments of principal on the Creditor Obligations (other than the regularly scheduled payment of principal permitted in the preceding sentence) without Bank's prior written consent, which Bank may give or withhold in its sole discretion.

6. Except as otherwise expressly agreed to herein, all of the Bank Obligations now or hereafter existing shall be first paid by Guarantor before any payment shall be made by Guarantor on the Creditor Obligations. This priority of payment shall apply at all times until all of the Bank Obligations have been repaid in full. In the event of any assignment by Guarantor for the benefit of Guarantor's creditors, any bankruptcy proceedings instituted by or against Guarantor, the appointment of any receiver for Guarantor or Guarantor's business or assets, or any dissolution or other winding up of the affairs of Guarantor or of Guarantor's business, and in all such cases, the officers of Guarantor and any assignee, trustee in bankruptcy, receiver or other person or persons in charge, respectively, are hereby directed to pay to Bank the full amount of the Bank Obligations before making any payments to Creditor.

7. Creditor agrees that it shall place or cause to be placed a legend on the face of the Subordinated Note evidencing the Creditor Obligations stating that the payment thereof is subordinated pursuant to the terms of this Agreement, and any amendments or modifications hereto. Prior to the date of this Agreement, Creditor agrees to deliver the original Subordinate Note evidencing the Creditor Obligations to Bank. Creditor agrees to mark all books of account in such manner as to indicate that payment thereof is subordinated pursuant to the terms of this Agreement. Creditor agrees to execute any recordable subordination agreements, financing statement amendments or other documents reasonably required by Bank to provide notice to others of this Agreement, and agrees to the recording of any such documents as Bank may require.

8. Creditor agrees that Bank shall have absolute power and discretion, without notice to Creditor, to deal in any manner with the Bank Obligations, including, interest, costs and expenses payable by Guarantor to Bank, and any security therefor including, but not limited to, release, surrender, extension, renewal, acceleration, compromise or substitution. Creditor hereby waives the right, if any, to require that Bank marshal, or otherwise proceed to dispose of or foreclose upon, collateral Bank may have in any manner or order.

9. If, at any time hereafter, Bank shall, in its own judgment, determine to discontinue the extension of credit to or on behalf of Borrower, Bank may do so, but only in accordance with the terms of the Credit Agreement. This Agreement, the

obligations of Creditor owing to Bank hereunder, and Bank's rights and privileges hereunder shall continue until payment in full of all of the Obligations owing to Bank by Guarantor notwithstanding any action or non-action by Bank with respect to the Obligations or with respect to any collateral therefor or any guaranties thereof. All rights, powers and remedies hereunder shall apply to all past, present and future Bank Obligations, including under successive transactions, any of which may continue, renew, increase, decrease or from time to time create new Bank Obligations and notwithstanding that from time to time Bank Obligations theretofore existing may have been paid in full.

10. Creditor further agrees that in case Creditor should, contrary to Section 4 above, take or receive any additional security interest in, or additional lien by way of attachment, execution or otherwise on any property, whether real or personal, of Guarantor, or should take or join in any other measure or advantage contrary to this Agreement, at any time prior to the payment in full of all of the Bank Obligations, Bank shall be entitled to have the same vacated, dissolved and set aside by such proceedings at law, or otherwise, as Bank may deem proper, and this Agreement shall be and constitute full and sufficient grounds therefor and shall entitle Bank to become a party to any proceedings at law, or otherwise, initiated by Bank or by any other party, in or by which Bank may deem it proper to protect its interests hereunder. Creditor agrees that if Creditor violates this Agreement, Creditor shall be liable to Bank for all losses and damages sustained by Bank by reason of such breach, including attorneys' fees and costs incurred by Bank in any such legal action.

11. Except as otherwise expressly agreed to herein, if Creditor shall receive any payments, security interests or other rights in any property of Guarantor in violation of this Agreement, such payment or property shall be received by Creditor in trust for Bank and shall forthwith be delivered and transferred to Bank.

12. Creditor represents and warrants that Creditor has not previously subordinated the Creditor Obligations for the benefit of any other person or entity, and agrees that any such subordinations hereafter executed shall be expressly made subject and subordinate to the terms of this Agreement. Creditor further warrants that it has established with Guarantor adequate means of obtaining, on an ongoing basis, such information as Creditor may require which may affect the ultimate satisfaction by Guarantor of the Creditor Obligations. Bank shall have no duty to provide any such information to Creditor.

13. This Agreement shall be binding upon the successors and assigns of Creditor, and shall inure to the benefit of Bank's successors and assigns.

14. This Agreement and all rights and liabilities of the parties hereto shall be governed as to validity, interpretation, enforcement and effect by the laws of the State of California.

15. In the event of any dispute under this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs, whether or not suit is brought.

16. This Agreement shall remain in full force and effect until and unless Creditor delivers to Bank written notice that this Agreement has been revoked as to credit granted by Bank subsequent to the delivery of such notice, but delivery of such notice shall not affect any of Creditor's obligations hereunder with respect to credit granted by Bank prior to such delivery.

17. This Agreement hereby incorporates any alternative dispute resolution agreement previously, concurrently or hereafter executed between Creditor and Bank.

Dated: December 1, 2000

"Creditor"
LITE-ON POWER SEMICONDUCTOR CORP.
By: /s/ M.K. Lu
M.K. Lu
President

Address:

Lite-On Power Semiconductor Corp.
28-1 Wu Chin Street
Ta Wu Lung Ind. Zone Keelung
Taiwan, R.O.C.
Attention: M.K. Lu
President

with a copy to:

Lien Cheng International Law Office
13 F-1, Sec. 4, Jen Ai Road
Taipei, Taiwan
Attention: Curtis T.Y. Hsieh, Esquire

ACKNOWLEDGMENT AND CONSENT OF GUARANTOR AND BORROWER

Each of the undersigned hereby waives its confidentiality rights with respect to the foregoing Subordination Agreement, accepts and consents to such Subordination Agreement, and agrees to be bound by all of the provisions thereof and to recognize all priorities and other rights granted thereby to Union Bank of California, N.A.

Dated: December 1, 2000

"Guarantor"
FABTECH, INC.
By: /s/ Walter Buchanan
Title: President

"Borrower"
DIODES INCORPORATED

By: Carl Wertz
Title: Chief Financial Officer

EXHIBIT 10.34

THIS NOTE IS SUBORDINATED PURSUANT TO THE TERMS OF A SUBORDINATION AGREEMENT IN FAVOR OF UNION BANK OF CALIFORNIA, N.A., DATED AS OF DECEMBER 1, 2000, AND ANY AMENDMENTS OR MODIFICATIONS THERETO.

SUBORDINATED PROMISSORY NOTE

U.S. \$13,549,000.00

December 1, 2000

FOR VALUE RECEIVED, the undersigned, FABTECH, INC., a Delaware corporation (the "Debtor"), hereby promises to pay to LITE-ON POWER SEMICONDUCTOR CORP., a Taiwan corporation (the "Payee"), the principal sum of Thirteen Million Five Hundred Forty-Nine Thousand United States Dollars (U.S. \$13,549,000.00), together with interest from the date hereof on the unpaid principal balance from time to time outstanding at the rate of LIBOR plus 1.0% (computed on the basis of a 360-day year), principal and interest to be payable as follows:

(a) The amount of U.S. \$3,549,000.00, together with interest accrued thereon, shall be payable on March 31, 2001.

(b) The principal balance of U.S. \$10,000,000.00 shall be payable in four (4) equal quarterly installments of U.S. \$2,500,000.00 each, together with interest accrued thereon, on June 30, September 30, and December 31, 2001 and March 31, 2002.

The principal of and interest on this Note shall be paid in lawful money of the United States of America at the principal office of the Debtor, 777 Northwest Blue Parkway, Lee's Summit, Missouri, or at such other place as, from time to time, may be designated by the Payee by written notice to the Debtor.

The Debtor reserves the right at any time and from time to time to prepay all or any portion of this Note without penalty or premium, but any such prepayment shall be applied first against interest which has accrued as of the date thereof and then against the unpaid principal balance.

This Note is the promissory note referred to in Section 6.8 of the Stock Purchase Agreement dated as of November 28, 2000, among the Debtor and the Payee, among others, and is entitled to all of the benefits thereunder. The principal of this Note represents U.S. \$11,770,000.00 advanced by the Payee to the Debtor, together with U.S. \$1,779,000.00 in interest accrued thereon to the date hereof.

1. Subordination.

The Debtor and the Payee hereby covenant and agree that notwithstanding anything to the contrary contained in this Note, the payment of the principal of and interest on this Note expressly hereby is subordinated in right of payment to the prior payment or provision for payment in full of all present and future Senior Indebtedness of the Debtor and all renewals, extensions and refundings of any such Senior Indebtedness. As used herein, the term "Senior Indebtedness" shall mean the principal of, and interest on, and all other amounts due on or in connection with, any liability of the Debtor for money borrowed from a bank or other financial institution, whether now existing or hereafter incurred. The Payee shall take such further actions, including the execution of additional subordination agreements, as may be required by any bank or other financial institution in order to provide further assurances of the subordination of this Note to all Senior Indebtedness.

In the event of any distribution of assets of the Debtor upon the dissolution, liquidation, winding up or reorganization of the Debtor, whether voluntary or involuntary, and whether in bankruptcy, insolvency or receivership proceedings, or upon the assignment for the benefit of creditors, sale of all or substantially all of the assets of the Debtor or the marshalling of the assets and liabilities of the Debtor, no amount shall be paid by the Debtor hereunder to the Payee, unless and until all other indebtedness to which this Note is subordinated shall have been paid in full, or otherwise discharged, or provision for payment shall have been otherwise made, together with all interest thereon and all other amounts payable in respect thereof, and the Debtor and any receiver or trustee in bankruptcy of the Debtor shall make any payments to which the Payee would otherwise be entitled but for the subordination provisions hereof directly to the holders of such other indebtedness ratably and to the extent necessary to pay in full all such other indebtedness, together with interest thereon and other amounts payable in respect thereof.

Upon the happening of an event of default (or if an event of default would result upon any payment with respect to this Note) with respect to any Senior Indebtedness, as such event of default is defined therein or in the instrument under which it is outstanding, permitting the holders to accelerate the maturity thereof, and if the default is other than default in payment of the principal of or interest on such Senior Indebtedness, upon written notice thereof given to the undersigned by the

holders of such Senior Indebtedness or their representative, then, unless and until such event of default shall have been cured or waived or shall have ceased to exist, no payment shall be made by the Debtor with respect to the principal of or interest on this Note.

In the event the Payee shall receive payment, from any source or in any manner, of any amount in respect of the principal of or interest on this Note, or in respect of a transfer or assignment of this Note to the Debtor or any subsidiary of the Debtor, at a time when, pursuant to the subordination provisions hereof, the Payee is not entitled to receive payment of such amount, the Payee shall receive and hold such payment in trust for the holders of all other indebtedness to which this Note is subordinated and shall on demand pay to or for the account of the holders of all such other indebtedness ratably and to the extent necessary to pay in full all such other indebtedness, together with interest thereon and other amounts payable in receipt thereof, the amount, but not to exceed the amount, so received.

Subject to the payment in full of all indebtedness of the Debtor to which this Note is subordinate, the Payee shall be subrogated to the rights of the holders of such other indebtedness to receive payment or distribution of assets of the Debtor applicable to such other indebtedness until this Note shall be paid in full, and no such payments or distributions to the holders of such other indebtedness to which this Note is subordinate shall, as between the Debtor and the Payee, be deemed to be a payment by the Debtor to, or on account of, this Note, it being understood that the subordination provisions of this Note are, and are intended solely for the purpose of, defining the relative rights of the Payee, on the one hand, and the holder of other indebtedness to which this Note is subordinate, on the other hand, and nothing contained herein is intended to or shall impair, as between the Debtor and the Payee, the obligation of the Debtor, which is unconditional and absolute, to pay to the Payee the principal of and interest on this Note as and when the same shall become due and payable in accordance with the terms hereof.

The Payee, by acceptance hereof, acknowledges and agrees that each holder of indebtedness to which this Note is subordinated shall be deemed to have acquired such indebtedness in reliance upon the subordination provisions of this Note.

3. Waivers.

The Debtor, for itself and its legal representatives, successors and assigns, expressly waives presentment, protest, demand, notice of dishonor, notice of nonpayment, notice of maturity, notice of protest, presentment for the purpose of accelerating maturity, and diligence in collection of every kind and to the fullest extent permitted by law, the right to plead any statute of limitations as a defense of any

demand hereunder, and consents that the Payee may extend the time for payment or otherwise modify the terms of payment of any part or the whole of the debt evidenced hereby.

4. Governing Law.

This Note in all respects shall be governed by and construed under the laws of the State of California applicable to contracts made and to be performed wholly within that state.

5. Assignment.

The Payee may assign its right, title and interest in and to this Note to any person who controls, is controlled by or is under common control with the Payee in connection with its own liquidation and dissolution, and the term "Payee" shall be deemed to include any such person.

Executed at Los Angeles, California as of the 1st day of December, 2000.

FABTECH, INC.

By: /s/ Walter Buchanan, President

EXHIBIT 99.17

November 28, 2000

Independent Committee of the Board of Directors of
Diodes Incorporated

Gentlemen:

Duff & Phelps, LLC ("Duff & Phelps") has been engaged by the Independent Committee of the Board of Directors of Diodes Incorporated ("Diodes" or the "Company") as independent financial advisor. Specifically, Duff & Phelps has been engaged to provide an opinion (the "Opinion") as to whether the Proposed Transaction (as defined below) is fair to the Company and its shareholders from a financial point of view.

Diodes is a leading manufacturer of discrete semiconductors that are used by the electronics, automotive, computing and telecommunications industries in North America and Asia. Diodes' largest shareholder is Lite-On Power Semiconductor Corporation ("LPSC"), a unit of the Lite-On Group of the Republic of China. The Lite-On Group, a Taiwanese consortium with worldwide sales exceeding \$4.5 billion, is a leading manufacturer of semiconductors, computer peripherals and communication products. Pursuant to the Stock Purchase Agreement dated November 28, 2000, by and among Diodes, LPSC and FabTech, Inc. ("FabTech"), Diodes proposes to acquire all of FabTech's issued and outstanding capital stock, which is currently held by LPSC, for a purchase price of up to \$55 million, consisting of the "Initial Purchase Price" and the "Earnout," each as defined below (the "Proposed Transaction").

The Initial Purchase Price is equal to the amount, if any, by which \$25 million exceeds the sum of the following two components:

1. The outstanding principal balance and accrued interest of FabTech's indebtedness to Diodes, LPSC and Citibank, on the closing date of the Proposed Transaction; and,
2. Any liabilities of FabTech as of the closing date of the Proposed Transaction, except liabilities disclosed or reserved against on FabTech's October 31, 2000 balance sheet and other than liabilities which arise in the ordinary course of business.

The Earnout of up to \$30 million will be determined over the fiscal years ending December 31, 2001 through December 31, 2004, and will be calculated in accordance with the following table, based upon FabTech's actual earnings before interest and taxes (EBIT) as a percent of the EBIT forecast prepared by FabTech management. The Earnout will be payable in cash on or before March 31 following the close of each fiscal year.

Fiscal Year	EBIT Forecast	Percent of EBIT Forecast Realized			
		130%	100%	70%	40%
----- Earnout Amount -----					
2001	\$7,326	\$ 4,000	\$ 2,667	\$ 1,333	\$0
2002	11,887	6,500	4,333	2,167	0
2003	15,622	9,000	6,000	3,000	0
2004	19,110	10,500	7,000	3,500	0
		-----	-----	-----	-----
		\$30,000	\$20,000	\$10,000	\$0
		=====	=====	=====	=====

The Earnout for each year will be computed in increments of 1% on EBIT levels achieved between 40% and 130% of FabTech management's EBIT forecasts. Accordingly, the Earnout will increase from \$0 at 40% of the EBIT forecast, to \$20.0 million at 100% of FabTech's EBIT forecast. These increments will continue up to a maximum of 130% of FabTech's EBIT forecast at which point the cumulative Earnout payments would total \$30.0 million. The Earnout with respect to any fiscal year will be reduced by the Management Incentive (as defined below) for that year, and will be computed based upon FabTech's actual EBIT for that year, without any deduction (or credit) due to any shortfall (or overage) in any prior or subsequent year. A portion of the Earnout for each fiscal year shall be deemed to be imputed interest at a rate equal to the lowest applicable federal rate for the 3-month period ending on the last day of the calendar month in which the closing date occurs. For the Earnout payable with respect to 2001, 2002 or 2003, the applicable short-term federal rate shall be used. For the Earnout payable with respect to any subsequent year, the applicable mid-term federal rate shall be used.

In the event the Earnout payable with respect to any year is less than the Management Incentive, LPSC shall indemnify Diodes for the amount by which the Management Incentive exceeds the Earnout for such fiscal year.

Pursuant to the Proposed Transaction, FabTech has entered into a management incentive agreement with certain members of FabTech's management team (the "Management Incentive Agreements") pursuant to which FabTech is obligated to pay such members, as mutually agreed upon by LPSC and Diodes, a management incentive pool (the "Management Incentive") which will consist of (i) an amount equal to \$975,000 to be paid on or before June 30, 2001, to be recorded on FabTech's income statement as an expense and accrued liability in the month the management incentive agreement is signed; plus (ii) \$1.5 million to be paid in four equal annual installments of \$375,000 payable on each of March 31, 2002, 2003, 2004 and 2005; plus (iii) an amount based on FabTech's EBIT that shall not exceed \$50,000 in 2001, \$175,000 in 2002, \$300,000 in 2003 and \$375,000 in 2004, payable on each March 31, 2002, 2003, 2004 and 2005.

In contemplation of the Proposed Transaction, LPSC has entered into a Volume Purchase Agreement with FabTech, dated October 25, 2000, which specifies LPSC's obligation to purchase from FabTech, and FabTech's obligation to manufacture and sell to LPSC, certain minimum unit volumes of products for each of the four years ending December 31, 2001 to 2004. The purchase price for these purchases is the best price offered by FabTech to its commercial accounts purchasing comparable quantities of products. In the event FabTech offers special discounts or other short-term promotional pricing for specific products, LPSC shall have first and equal opportunity to purchase FabTech products under such promotions and at the promotional prices. Further, LPSC has agreed not to compete, directly or indirectly, with the schottky wafer business of FabTech for a four-year period.

For purposes of our Opinion and in connection with our review of the Proposed Transaction, we have, among other things:

1. Met with various members of FabTech's management to discuss the history, current operations and future outlook of FabTech as well as the Proposed Transaction.
2. Met with the Independent Committee of the Board of Directors of Diodes to discuss the Proposed Transaction.
3. Held discussions with various members of Diodes' management, including: C.H. Chen, Chief Executive Officer; Carl Wertz, Chief Financial Officer; Mark King, Vice President, Sales & Marketing; Larry Katz, Financial Analyst; and, Michael R. Giordano, member of the Board of Directors.
4. Toured FabTech's facilities in Lee's Summit, Missouri, in April 2000 and August 2000.
5. Reviewed FabTech's financial statements including: audited financial statements from 1996 through 1999; interim unaudited financial statements for the nine months ended September 30, 2000; and, current financial projections for 2000 through 2005, as prepared by FabTech management.
6. Reviewed FabTech's presentation to Diodes' management, dated July 10, 2000, and FabTech's management report to LPSC for July 2000.
7. Reviewed FabTech's board minutes for the last three years, as well as FabTech's articles of incorporation and bylaws.
8. Reviewed FabTech's loan agreements with Diodes and LPSC.
9. Reviewed the Stock Purchase Agreement by and among Diodes, LPSC and FabTech, dated November 28, 2000.
10. Reviewed the Volume Purchase Agreement between LPSC and FabTech, dated October 25, 2000, as well as the Management Incentive Agreements between FabTech and certain members of its management team.
11. Reviewed applicable industry and economic information.
12. Identified comparable public companies to FabTech and reviewed their SEC filings, analyst reports and historical stock prices.
13. Performed such other review and analyses as we deemed necessary.

Our Opinion is based upon an analysis of the foregoing in light of our assessment of the general, economic and financial market conditions as they can be evaluated by us as of the date hereof. Events occurring after the date hereof could materially affect the assumptions used in preparing our Opinion. We have not undertaken to reaffirm or revise the Opinion or otherwise comment upon any events occurring after the date hereof.

In connection with our Opinion, with your permission and without any independent verification, we have relied on the accuracy and completeness of all the financial and other information reviewed by us, furnished, or otherwise communicated to us by FabTech or obtained by us from publicly available sources. Any inaccuracies in the information on which we relied could materially affect our Opinion. Duff & Phelps has previously served as financial advisor to the Company.

In rendering our Opinion, we have assumed that the Proposed Transaction occurs on terms that are described in the Stock Purchase Agreement dated November 28, 2000. Nonetheless, it should be recognized that we are not making any recommendation as to whether Diodes' Independent Committee of the Board of Directors should vote in favor of the Proposed Transaction.

This Opinion is for the information of the Independent Committee of the Board of Directors of Diodes and is not to be used, circulated, quoted or otherwise referred to for any other purpose, except in each case with our prior written consent which shall not be unreasonably withheld.

Based upon the foregoing, it is our Opinion that consideration to be paid by the Company in the Proposed Transaction is fair to the Company and its shareholders from a financial point of view.

Respectfully submitted,
/s/ Duff Phelps, LLC

Duff & Phelps, LLC

DIODES INCORPORATED

FOR IMMEDIATE RELEASE

DIODES, INC. ANNOUNCES SUCCESSFUL COMPLETION OF FABTECH ACQUISITION
C.H. Chen Discusses Expectations for Fourth Quarter and 2001

WESTLAKE VILLAGE, CALIFORNIA -- DECEMBER 5, 2000 -- Diodes Incorporated (Nasdaq: DIOD), a leading manufacturer and supplier of high quality discrete semiconductors, primarily to the communications, computing, electronics and automotive industries, today announced that it has completed the acquisition of FabTech, Inc., a 5-inch wafer foundry, specializing in Schottky products.

FabTech, based in Lee's Summit, Missouri, operates out of a 70,000 square foot, state-of-the-art manufacturing facility that includes a 16,000 sq. ft. clean room. At a senior level, the company boasts eight engineers with a combined 190 years experience in the semiconductor industry. FabTech currently has eight patents pending in technologies from ruggedized Schottky devices to thirty-five hundred volt Ultra-Fast devices.

The acquisition of FabTech significantly advances Diodes' strategy of becoming a total solution provider for the discrete semiconductor industry, covering the full range of manufacturing and product development. FabTech will also enable the Company to intensify R&D initiatives aimed at developing innovative products in the areas of miniaturization, integrated discrettes, and developing chip-scale discrettes.

Commenting on the acquisition, C.H. Chen, President and CEO of Diodes Incorporated said, "We are delighted to announce the completion of this important strategic purchase for our Company. The addition of FabTech will enable us to accelerate our drive into higher-margin, proprietary product lines and will make a significant contribution toward our goal of positioning Diodes as a vertically integrated manufacturer and supplier of discrete semiconductors at the forefront of next-generation discrete technology."

FabTech was acquired from Lite-On Power Semiconductor Corporation (LPSC) for approximately \$25 million, which includes the assumption of approximately \$19 million in debt, and a cash payment to LPSC of approximately \$6 million. LPSC, which is part of the \$4.5 billion Lite-On Group, owns approximately 38% of Diodes' outstanding shares. The deal includes an additional earn-out for meeting specified earnings targets over a four-year period.

The acquisition was financed internally through bank credit facilities, and is expected to be accretive to earnings in 2001.

Mr. Chen also provided guidance on the Company's expectations for the remainder of year 2000, as well as an update for 2001.

"As we discussed during our third quarter conference call, we believe that this acquisition and the continued expansion of our Chinese manufacturing facility will position us to outperform the discrete semiconductor industry in 2001, consistent with our record over the past five years," said Mr. Chen. "However, inventory adjustments among several of our key distributors have led us to revise our top-line expectations for the fourth quarter. We now anticipate fourth-quarter revenue to be in the range of \$28 to \$30 million, as compared to \$23.2 million in the fourth quarter of 1999."

Mr. Chen noted that based upon stable gross margins and reductions of SG&A expenses, expectations for year 2000 earnings per share are in the range of \$1.75 to \$1.80. The fourth quarter will assure a

record year for Diodes, with revenues increasing approximately 50% and net income approximately 200% from last year.

"Moving forward into 2001, we believe that our competitive cost structure, superior customer service and quality products, and continued introduction of value-added product lines will position the Company to continue to capture market share, while building value for our shareholders," concluded Mr. Chen.

ABOUT DIODES INCORPORATED

Diodes, Inc. (Nasdaq: DIOD) is a leading manufacturer and supplier of high-quality discrete semiconductor products, serving the communications, computer, electronics and automotive markets. The Company operates two Far East subsidiaries, Diodes-China (QS-9000 & ISO-14001 certified) in Shanghai and Diodes-Taiwan (ISO-9000 certified) in Taipei. Diodes-China's manufacturing focus is on surface-mount devices destined for wireless devices, notebook computers, pagers, PCMCIA cards and modems, among others. Diodes-Taiwan is our Asia-Pacific sales, logistics and distribution center. The Company's newly acquired 5" wafer foundry, Diodes-FabTech, specializes in Schottky products and is located just outside Kansas City, Missouri. The Company's ISO-9000 corporate sales, marketing, engineering and logistics headquarters is located in Southern California. For further information, visit the Company's website at <http://www.diodes.com>.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: Any statements set forth above that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Potential risks and uncertainties include, but are not limited to, such factors as the Company's ability to successfully integrate FabTech within its existing operations, the Company's ability to develop and market new discrete technologies, management's expectations with regards to future financial performance, fluctuations in product demand, the introduction of new products, the Company's ability to maintain customer and vendor relationships, technological advancements in the semiconductor industry, impact of competitive products and pricing, growth in targeted markets, risks of foreign operations, and other information detailed from time to time in the Company's filings with the United States Securities and Exchange Commission.

Source: Diodes Incorporated

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Recent news releases, annual reports, and SEC filings are available at the Company's website: <http://www.diodes.com>. Written requests may be sent to Investor Relations, Diodes Incorporated, 3050 E. Hillcrest Drive, Westlake Village, CA 91362, or they may be e-mailed to: diodes-fin@diodes.com.

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