

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q/A

Quarterly report pursuant to sections 13 or 15(d) [amend]

Filing Date: **1996-11-21** | Period of Report: **1996-06-30**

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BENCHMARK MICROELECTRONICS INC

CIK: **872918** | IRS No.: **742532442** | State of Incorp.: **DE** | Fiscal Year End: **1231**

Type: **10-Q/A** | Act: **34** | File No.: **000-27232** | Film No.: **96670433**

SIC: **3674** Semiconductors & related devices

Mailing Address

17919 WATERVIEW
PARKWAY
DALLAS TX 75252

Business Address

17919 WATERVIEW PKWY
DALLAS TX 75252
2144379195

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

=====

FORM 10-Q/A
(Amendment No. 1)

(MARK ONE)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE
ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1996

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NO. 0-27232

BENCHMARQ MICROELECTRONICS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

74-2532442

(I.R.S. Employer
Identification No.)

17919 WATERVIEW PARKWAY

DALLAS, TEXAS

(Address of principal executive offices)

75252

(Zip code)

(972) 437-9195

(Registrant's telephone number, including area code)

NOT APPLICABLE

(Former name, former address and former fiscal year, if changed since last
report.)

Indicate by check mark whether the registrant (1) has filed all reports required
to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during
the preceding 12 months (or for such shorter period that the registrant was
required to file such reports), and (2) has been subject to such filing

requirements for the past 90 days.

YES X

NO _____

As of November 18, 1996, there were 6,698,506 shares of the registrant's common stock outstanding.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits -----

The exhibits filed as a part of this report are listed below.

Exhibit No. -----	Description -----
10.1	Option Agreement between Taiwan Semiconductor Manufacturing Co., Ltd. and BENCHMARK Microelectronics Inc., dated as of May 31, 1996 (CONFIDENTIAL TREATMENT HAS BEEN REQUESTED BY THE COMPANY FOR PORTIONS OF THIS AGREEMENT.)
10.2	Wafer Production Agreement between Taiwan Semiconductor Co., Ltd. and BENCHMARK Microelectronics Inc. dated as of July 30, 1996 (CONFIDENTIAL TREATMENT HAS BEEN REQUESTED BY THE COMPANY FOR PORTIONS OF THIS AGREEMENT.)
11	Statement Regarding Computation of Per Share Earnings
27	Financial Data Schedule

(b) Reports on Form 8-K -----

No reports on Form 8-K were filed during the quarter ended June 30, 1996.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THE

REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE
UNDERSIGNED THEREUNTO DULY AUTHORIZED.

BENCHMARQ MICROELECTRONICS, INC.

NOVEMBER 21, 1996

/S/ DERRELL C. COKER

DERRELL C. COKER
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

NOVEMBER 21, 1996

/S/ REGINALD B. MCHONE

REGINALD B. MCHONE
VICE PRESIDENT, FINANCE AND
ADMINISTRATION, CHIEF FINANCIAL
OFFICER AND SECRETARY (PRINCIPAL
FINANCIAL AND ACCOUNTING OFFICER)

OPTION AGREEMENT

BETWEEN

TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.

AND

BENCHMARQ MICROELECTRONICS, INC.

MAY 31, 1996

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OPTION AGREEMENT

THIS AGREEMENT is made and becomes effective as of May 31, 1996 (the "Effective Date"), by Taiwan Semiconductor Manufacturing Co., Ltd. ("TSMC"), a company organized under the laws of the Republic of China with its registered address at No. 121, Park Ave. 3, Science-Based Industrial Park, Hsinchu, Taiwan, and, Benchmark Microelectronics, Inc. ("Customer"), a company organized under the laws of Delaware, with its corporate headquarters at 17919 Waterview Parkway, Dallas, Texas 75252.

RECITALS

WHEREAS, TSMC currently supplies Customer with wafers and Customer wishes to increase the volume of wafers to be purchased from TSMC;

WHEREAS, in order to increase its output, TSMC XXXXXXXXXXXXXXXX

WHEREAS, as a condition to TSMC's acceleration of these facilities, TSMC has asked that Customer make a capacity commitment and advance payment for the right to buy additional capacity, and Customer is willing to do so:

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

(a) "Base Capacity" used in this Agreement shall mean the base amount of annual wafer capacity that is used to calculate the Customer's Committed Capacity, which amount is set forth in Exhibit B.

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2. VOLUME COMMITMENT

- (a) Customer agrees to purchase from TSMC the Customer Committed Capacity, and subject to the payment of the Option Fee by Customer under Section 5 below, TSMC agrees to provide to Customer the TSMC Committed Capacity, as set forth in Exhibit B.

```
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX.
```

- (b) Each month, Customer agrees to provide to TSMC a six-month rolling forecast of the number of wafers that Customer will purchase,
XX
XX
XX XXXXXX. The
forecast must be based on wafers out or deliveries

(X - "Portions of the subject exhibit have been ommitted and filed separately with the Commission pursuant to a request for Confidential Treatment.")

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expected to be made by TSMC.

- (c) TSMC will use its reasonable effort to cause its fabs to be capable of producing wafers of more advanced specifications, as set forth in the TSMC Technology Road Map attached as Exhibit C.

3. WAFER PRICE

- (a) The wafer prices for the Customer Committed Capacity shall XXXX
XX
XX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX for the same technology, the same fab and
the same period of time. In the event that the wafer prices for the
Customer Committed Capacity do not comply with the preceding sentence,
TSMC will make proper price changes for the unfilled orders, upon
Customer's notice in writing.

- [illegible]

XX
XX.

4. OTHER PURCHASE TERMS AND CONDITIONS

The Customer/TSMC Wafer Production Agreement [to be completed within sixty (60) days of the effective date of this Agreement] will apply to all purchases of wafers by Customer from TSMC and delivery of all wafers from TSMC to the Customer, except that the provisions of this Agreement will supersede the above Agreement with respect to the subject matter hereof.

(X - "Portions of the subject exhibit have been omitted and filed separately with the Commission pursuant to a request for Confidential Treatment.")

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5. OBLIGATION TO PAY OPTION FEE FOR OPTION CAPACITY

- (a) Customer agrees to pay to TSMC the Option Fee in the amount of XXXXXXXXXXXXXXXXXXXXXXXXXXXX for the right to purchase the Option Capacity pursuant to this Agreement. The Option Fee is set forth in Exhibit D and shall be paid on the dates specified. Except that TSMC exercises its first right of refusal and accepts the Customer's offer pursuant to Section 6 below, the Option Fee for any calendar year, once paid, shall be non-refundable for any cause except the parties failure to mutually agree in writing to the Wafer Production Agreement within sixty (60) days of the effective date of this Agreement and TSMC's failure to deliver the requisite wafers pursuant to such Option Capacity and Section 4 of this Agreement (in such cases the applicable portion of the Option Fee which has been paid by the Customer will be promptly refunded by TSMC), and will be credited against the wafer prices for the Option Capacity provided by TSMC for that particular year under this Agreement.
- (b) Customer further agrees to deliver to TSMC, within seven (7) days following the Effective Date, one (1) promissory note in an amount of the Option Fee due in 1997 as specified in Exhibit D and payable to TSMC or order, which promissory note is in the form of Exhibit E. The promissory note shall be returned by TSMC to Customer within seven (7) days upon receipt of the corresponding Option Fee by TSMC.

6. FAILURE TO PURCHASE THE OPTION CAPACITY;
FIRST RIGHT OF REFUSAL

- (a) XXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXX

[illegible]

- (b) Any of Customer's right or obligation set forth in Section 6(a) shall not affect its obligation to pay the Option Fee pursuant to Section 5 above, except that if this Agreement is assigned to any third parties acceptable to TSMC pursuant to this Section 6(a) above, such third parties shall pay any unpaid portion of the Option Fee and abide by the terms and conditions of this Agreement.

- (a) The term of this Agreement shall commence from the Effective Date, and continue until December 31, 2000.
- (b) TERMINATION BY TSMC FOR CUSTOMER'S FAILURE TO PAY THE OPTION FEE
TSMC may terminate this Agreement if Customer fails to pay the Option Fee pursuant to Section 5 above, and does not cure or remedy such breach within thirty (30) days of receiving written notice of such breach.
- (c) TERMINATION FOR OTHER BREACH OR FOR BANKRUPTCY
Either party may terminate this Agreement if, (i) the other party breaches any material provisions of this Agreement (other than the breach of Section 5 above), and does not cure or remedy such breach within ninety (90) days of receiving written notice of such breach, or

(ii) becomes the subject of a voluntary or involuntary petition in bankruptcy or any proceeding relating to insolvency, receivership or liquidation, if such petition or proceeding is not dismissed with prejudice within ninety (90) days after filing.

(X - "Portions of the subject exhibit have been omitted and filed separately with the Commission pursuant to a request for Confidential Treatment.")

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(d) EFFECT OF TERMINATION

Both parties shall remain liable to the other party for any outstanding and matured rights and obligations at the time of termination, including all outstanding payments of the Option Fee and for the wafers already ordered and/or shipped to Customer.

8. BOARD APPROVAL

Customer shall obtain the approval by its Board of Directors of this Agreement, and submit to TSMC, at the time of executing this Agreement, an authentic copy of its board resolution authorizing the representative designated below to execute this Agreement.

9. LIMITATION OF LIABILITY

In no event shall either party be liable for any indirect, special, incidental or consequential damages (including loss of profits and loss of use) resulting from, arising out of or in connection with either party's performance or failure to perform under this Agreement, or resulting from, arising out of or in connection with either party's producing, supplying, and/or sale of the wafers to the Customer, whether due to a breach of contract, breach of warranty, tort, or negligence of either party, or otherwise.

10. NOTICE

All notices required or permitted to be sent by either party to the other party under this Agreement shall be sent by registered mail postage prepaid, or by personal delivery, or by fax. Any notice given by fax shall be followed by a confirmation copy within ten (10) days. Unless changed by written notice given by either party to the other, the addresses and fax numbers of the respective parties shall be as follows:

To TSMC:

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY, LTD.
No. 121, Park Avenue 3

To Customer:

BENCHMARK MICROELECTRONICS, INC.
17919 Waterview Parkway
Dallas, TX 75252 FAX: (214) 437-9198

11. ENTIRE AGREEMENT

This Agreement, including Exhibits A-E, constitutes the entire agreement between the parties with respect to the subject matter hereof, and supersedes and replaces all prior or contemporaneous understandings, agreements, dealings and negotiations, oral or written, regarding the subject matter hereof. No modification, alteration or amendment of this Agreement shall be effective unless in writing and signed by both parties. No waiver of any breach or failure by either party to enforce any provision of this Agreement shall be deemed a waiver of any other or subsequent breach, or a waiver of future enforcement of that or any other provision.

12. GOVERNING LAW

This Agreement will be governed by and interpreted in accordance with the laws of the California.

13. ARBITRATION

- (a) General. Each party will make best efforts to resolve amicably any -----
claims, controversies, or disputes under this Agreement. In the event that a resolution is not reached among the parties within thirty (30) days after written notice by any party of the dispute or claim, the dispute or claim shall be finally settled by binding arbitration in accordance with the provisions of this Section 13. The parties agree that all actions, claims, controversies or disputes of any kind (e.g. whether in contract or in tort, statutory or common law, legal or equitable or otherwise) ("Disputes") between them relating, directly or indirectly, to this Agreement are to be resolved by arbitration as provided in this Agreement. All arbitration will be

conducted pursuant to and in accordance with the following order of priority (i) the terms of this Agreement, (ii) the Commercial Arbitration Rules of the American Arbitration Association, and (iii) to the extent the foregoing are inapplicable, unenforceable or invalid, the laws of the State of California. The arbitrator(s) used will be selected from a list of persons familiar with disputes regarding the semiconductor manufacturing industry to be provided by the American Arbitration Association. Any hearing regarding arbitration will be held in the Greater Bay Area, California, or at another location mutually acceptable to both parties. The parties will use reasonable efforts to assure that the arbitrator(s) will use their best efforts to conduct the arbitration hearing as soon as practicable.

(b) Discovery. Discovery will be conducted solely through depositions and -----

requests for documents and things but otherwise will be governed by the Federal Rules of Civil Procedure. The arbitrator(s) will resolve any discovery disputes by such prehearing conferences as may be needed. Both parties agree that the arbitrator(s) will have the power of subpoena process as provided by law. Disputes concerning the scope of depositions or document production, its reasonableness and enforcement of discovery requests will be subject to Agreement by the parties or will be resolved by the arbitrator(s). All discovery requests will be subject to the proprietary rights and rights of privilege and other protections granted by applicable law to the parties. The arbitrator(s) will adopt procedure to protect such rights. With respect to any Dispute, each party agrees that all discovery activities shall be expressly limited to matters directly relevant to the Dispute and the arbitrator(s) will be required to fully enforce this requirement.

(c) Enforcement. The decision of the arbitrator(s) will be final and -----

binding on all parties. Any judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The decision of the arbitrator(s) will be enforceable in any court of competent jurisdiction. Except for proceedings seeking equitable remedies, an arbitration proceeding commenced pursuant to this Section 13 is a condition precedent to and is a complete defense to the commencement of any suit, action or proceeding in any federal or state court with respect to any Dispute. Either party may bring an action in court to compel arbitration. Any party who fails or refuses to submit to binding arbitration following demand by the other party shall bear all costs and expenses incurred by the opposing party in compelling arbitration.

(d) Powers and Qualifications: Awards: Modification or Vacation of Award.

The arbitrator(s) are empowered to resolve Disputes by summary rulings substantially similar to summary judgments and motions to dismiss. The arbitrator(s) will resolve all Disputes in accordance with the substantive laws of the State of California. The arbitrator(s) may grant any remedy or relief deemed just and equitable and within the scope of this Agreement and may also grant such ancillary relief as is necessary to make effective any award. The arbitrator(s) will be required to make specific, written findings of fact and conclusions of law, and the parties will have the right to seek vacation or modification of an award only if (I) that award is based in whole, or in part, upon fraud or (ii) failure to follow the procedures set forth in this Section 13. For these purposes, the award and judgment entered by the federal or state district court shall be considered to be the same as the award and judgment of the arbitrator(s). To the extent permitted by applicable law, the arbitrator(s) will have the power to award recovery of all costs and fees (including attorneys' fees, administrative fees, and arbitrators' fees) to the prevailing party.

(e) Limitation on Award. The arbitrator(s) will be limited to interpreting

the applicable provisions of this Agreement, and will not have the authority or power to alter, amend, modify, revoke or suspend any condition or provision of this Agreement, nor to create, draft or form a new agreement between the parties, nor to render an award which, by its terms, has the effect of altering or modifying any condition or provision of this Agreement.

(f) Provisional Remedies and Multiple Parties. No provision of, nor the

exercise of any rights under, this Agreement will limit the right of any party, during any Dispute, to resort to a court of applicable jurisdiction to seek such equitable remedies as may be available to such party, and any such action will not be deemed an election of remedies. Such rights will include, without limitation, rights and remedies relating to injunctive relief. Such rights may be exercised at any time except to the extent such action is contrary to an award or decision of the arbitrator(s). The institution and maintenance of an action for equitable relief will not constitute a waiver of the right of any party, to submit a Dispute to arbitration, nor render inapplicable the compulsory arbitration provisions of this Agreement.

(g) Choice of Arbitrator(s). The arbitrator(s) will be chosen by mutual

agreement of the parties. If they cannot agree within thirty (30) days upon a single arbitrator, each will, within fifteen (15) days

thereafter, appoint an arbitrator and such arbitrators will appoint a third impartial arbitrator. If more than one arbitrator is appointed, the decision of a majority of such arbitrators will be binding. Subject to the provisions of Subsection 13(d), (i) each party will be responsible for the expenses and fees of the arbitrator appointed by it and one-half of the fees and expenses of the third arbitrator, (ii) if there is only one arbitrator appointed, each party will be responsible for one-half of the fees and expenses of such arbitrator and (iii) each party will bear its own attorney's and expert's fees. If either party fails to timely appoint an arbitrator, the decision of the arbitrator who is timely appointed will be binding.

14. ASSIGNMENT

This Agreement shall be binding on and inure to the benefit of each party and its successors, and except that Customer may assign this Agreement under Section 6 above, neither party shall assign any of its rights hereunder, nor delegate its obligations hereunder, to any third party, without the prior written consent of the other.

15. CONFIDENTIALITY

Neither party shall disclose the existence or contents of this Agreement except as required by Customer's assignment of this Agreement to any third parties pursuant to Section 6 above, in confidence to its advisers, as required by Securities and Exchange Commission regulations and related laws, as required by applicable law, or otherwise without the prior written consent of the other party and to enforce this Agreement.

16. FORCE MAJEURE

Neither party shall be responsible for delays or failure in performance resulting from acts beyond the reasonable control of such party. Such acts shall include but not limited to acts of God, war, riot, labor stoppages, governmental actions, fires, floods, and earthquakes.

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IN WITNESS WHEREOF, the parties, have executed this Agreement as of the date first stated above.

TAIWAN SEMICONDUCTOR
MANUFACTURING CO., LTD.

BENCHMARK
MICROELECTRONICS, INC.

BY:/s/ Don Brooks

BY:/s/ Derrell Coker

Donald Brooks
President

Derrell Coker
President

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EXHIBIT A

EQUIVALENCY FACTOR TABLE

<TABLE>

<CAPTION>

XXXXXXXXXXXXXXXXXXXX	XXXXXXX XXXXXXXXXX XXXXXXXXXX XXXXXXXXXX	XXXXXX XXXXXXXXXX	XXXXXXXXXX XXXXXXXXXX	XXXXXXXXXX XXXXXXXXXX
<S>	<C>	<C>	<C>	<C>
XXXXXXXXXXXXXXXXXXXX	XX		XX	XXXX
XXXXXXXXXXXXXXXXXXXX	XX		XX	XXXX
XXXXXXXXXXXXXXXXXXXX	XX		XX	XXXX
XXXXXXXXXXXXXXXXXXXX	XX		XX	XXXX
XXXXXXXXXXXXXXXXXXXX	XX		XX	XXXX
XXXXXXXXXXXXXXXXXXXX	XX		XX	XXXX
XXXXXXXXXXXXXXXXXXXX	XX		XX	XXXX
XXXXXXXXXXXXXXXXXXXX	XX	X	XXXX	XXXX
XXXXXXXXXXXXXXXXXXXX	XX	X	XXXX	XXXX
XXXXXXXXXXXXXXXXXXXX	XX	X	XXXX	XXXX
XXXXXXXXXXXXXXXXXXXX	XX		XX	XXXX
XXXXXXXXXXXXXXXXXXXX	XX	X	XXXX	XXXX
XXXXXXXXXXXXXXXXXXXX	XX	X	XXXX	XXXX

[illegible]

XX

(X-"Portions of the subject exhibit have been ommitted and filed separately with the Commission pursuant to a request for Confidential Treatment.")

EXHIBIT B

BENCHMARK/TSMC
COMMITTED CAPACITY

<CAPTION>

[illegible]

	1996	1997	1998	1999	2000
<S>	<C>	<C>	<C>	<C>	<C>
XXXXXXXXXXXXXXXXX	X	X	X	X	X
XXXXXXXXXXXXXXXXX					

XXXXXXXXXXXXXXXXX XXX XXX XXX XXX

XXXXXXXXXXXXXXXXXXXX XXXX XXXX XXXX XXXX

XXXXXXXXXXXXXXXXX X X X X

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XXXXXXXXXXXXXXXXXXXXXXXXX X XX XX XX XX
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XXXXXXXXXXXXXXXXXXXX XXXX XXXX XXXX XXXX
XXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX

</TABLE>

* XX.

Deposits Required: \$ 5.88M - XX

Payment Schedule: \$ 2.5M - May 31, 1996
\$ 3.38M - March 31, 1997

(X-"Portions of the subject exhibit have been ommitted and filed separately with the Commission pursuant to a request for Confidential Treatment.")

("Portions of the subject exhibit have been omitted and filed separately with the Commission pursuant to a request for Confidential Treatment.")

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EXHIBIT D
OPTION FEE

<TABLE>

<CAPTION>

Years	Total Option Capacity (Unit: Wafer Equivalent)	Option Fee (Unit: US\$)	Due Date

<S>	<C>	<C>	<C>
1996-	XXX	\$ 2.5M	May 31, 1996
2000		\$ 3.38M	March 31, 1997
</TABLE>			

(X-"Portions of the subject exhibit have been omitted and filed separately with the Commission pursuant to a request for Confidential Treatment.")

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EXHIBIT E
STANDARD FORM OF PROMISSORY NOTE

Amount: US\$ _____

Due Date: _____

The Undersigned, _____ (the "Maker"), unconditionally promise to pay to Taiwan Semiconductor Manufacturing Co., Ltd. or its order the sum of US Dollars _____ (\$ _____), plus interest calculated from the Due Date stated herein to the date of full payment at the rate of 10% per annum on any unpaid portion of the principal amount stated herein, and said payment will be made at _____ (Place of Payment).

This Note shall be governed in all respects by the laws of the State of California.

The Maker of this Note agrees to waive protests and notice of whatever kind.

Issue Date: _____

Issue Place: _____

Maker's Signature: _____

Maker's Address: _____

WAFER PRODUCTION AGREEMENT
(FOR OPTIONEES ONLY)

BETWEEN

TAIWAN SEMICONDUCTOR MANUFACTURING

COMPANY, LTD.

AND

BENCHMARQ MICROELECTRONICS, INC.

JULY 30, 1996

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WAFER PRODUCTION AGREEMENT

THIS AGREEMENT is entered into, effective July 30, 1996 (the "Effective Date"), by and between Taiwan Semiconductor Manufacturing Co., Ltd., a company duly incorporated under the laws of the Republic of China, having its principal place of business at No. 121, Park Avenue III, Science Based Industrial Park, Hsin-Chu, Taiwan, R.O.C. ("TSMC"), and Benchmarq Microelectronics, Inc. a company duly incorporated under the laws of Delaware having its principal place of business at 17919 Waterview Parkway, Dallas, Texas 75252 ("Customer").

RECITALS

Customer has designed and/or manufactures integrated circuits, and wishes to have a manufacturing source for certain of such integrated circuits.

TSMC is in the business of manufacturing such integrated circuits, and wishes to manufacture such integrated circuits for Customer.

Customer and TSMC have in place an Option Agreement dated May 31, 1996, outlining quantity commitments for both parties.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

1. DEFINITIONS

- (a) "PROCESS" shall mean the process available at TSMC as set forth in Exhibit A, or such process or successor process as may be mutually acceptable. The Process shall be used to manufacture the Products defined below.
- (b) "PRODUCTS" used in this Agreement shall mean those products designed by Customer and manufactured for Customer by TSMC under this Agreement, including wafers, devices and packaged devices, but does not include test wafers or risk start wafers as described in Section 2. The Products shall meet the Parametric and Electrical Specifications set forth in Exhibit B, and the Products in device form, upon Customer's request, may be packaged and marked in accordance with the requirements set forth in Exhibit B-1.
- (c) "PROPRIETARY INFORMATION" shall mean mask data base data and also shall mean any other information that is controlled by a party and is identified as proprietary and confidential and that is disclosed by either party to the other under this Agreement. Written Proprietary Information shall be clearly marked or labeled "PROPRIETARY" or "CONFIDENTIAL" or other words of

similar meaning. All oral disclosures of Proprietary Information shall be identified as such prior to disclosure except data disclosed orally prior to the date of this Agreement and confirmed, in writing, by the disclosing party within thirty (30) days of the later of (i) oral disclosure or (ii) the date hereof. In case of disagreement, the receiving party must make an objection thereto, in writing, within thirty (30) days of receipt.

2. PRODUCT DEVELOPMENT

- (a) The parties shall agree upon the Process for the manufacture of the Products, and upon the specifications according to which Customer shall conduct acceptance of the Products (the "Quality and Reliability Specifications"). The Quality and Reliability Specifications are shall be reduced into writing and attached hereto as Exhibit C. TSMC shall furnish the design rule and parametric information for the agreed upon Process, which information shall be described in Exhibit A.
- (b) TSMC will make, or designate a mask vendor to make, the mask sets for the Products in accordance with the device database tapes provided by Customer, and in case that a mask vendor is used, TSMC will provide mask alignment and test structure databases to the mask vendor. TSMC shall be responsible for ensuring that the mask sets are manufactured in accordance with device database tapes provided by Customer and the mask alignment and test structure databases provided by TSMC. Customer shall bear all the costs and expenses of producing the mask sets necessary for the production of the Products under this Agreement. The mask sets, if not used for a specified period of time, will be handled as proprietary data and in accordance with TSMC idle mask policy then in effect.
- (c) TSMC will provide Customer with such amount of test wafers as Customer may require for qualification, at the purchase prices specified in Section 7.
XX
XXXXXXXXXXXXX, following upon receipt of the test wafers, Customer shall inform TSMC in writing of whether or not such test wafers meet the Quality and Reliability Specifications, and if affirmative, full qualification will be deemed completed and TSMC will proceed to produce the Products pursuant to the purchase order or orders issued by Customer, if any, and accepted by TSMC under Section 3 below, if any. If no notification is received by TSMC during the time period specified in the preceding sentence, full qualification shall be deemed accomplished. In the event that the test wafers do not meet the Quality and Reliability Specifications, the parties will work together in good faith to achieve full qualification.
- (X- "Portions of the subject exhibit have been omitted and filed separately with the Commission pursuant to a request for Confidential Treatment.")

- (d) Upon Customer's request, TSMC will provide additional test wafers or "risk starts" at the purchase prices specified in Section 7.

(b) Partial shipments are allowed, so long as full shipment of the appropriate quantities are made by the delivery dates specified in the respective Purchase Orders. Such partial shipments may be invoiced individually or in combination with all the other partial shipments made under the same Purchase Order.

(c) Any delivery or shipment made within fifteen (15) days before or after the delivery date(s) specified in the Purchase Orders shall constitute timely delivery or shipment.

(a) Customer shall accept all conforming tenders of the Products delivered under this Agreement, and shall notify TSMC in writing, XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX, as to either acceptance or rejection thereof. If no notification indicating rejection is received by TSMC within the above time period, then such Products shall be deemed accepted.

(b) Customer may inspect the Products and carry out testing, prior to acceptance thereof, at its own facilities. The inspection and testing shall be performed pursuant to the methods set forth in Exhibit D.

(a) XX
XX
XX
XXXX. The Product Prices are in U.S. currency and net of any and all taxes
and duties, including but not limited to customs duties, sales tax, value
added tax, use tax, and excise tax. Customer shall pay all applicable U.S.

(X- "Portions of the subject exhibit have been omitted and filed separately
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period: (i) TSMC is notified promptly in writing upon discovery of any defect in the Products, including a detailed description of the alleged defect; (ii) such Products are returned to TSMC, F.O.B. TSMC Hsin-Chu (INCOTERMS 1990) as set forth in Exhibit E; and (iii) TSMC's examination of such Products reveals that such Products are indeed defective and not caused by accident, abuse, misuse, neglect, improper installation, device packaging or shipping packageing, repair or alteration by someone other than TSMC, or improper testing or use contrary to any instructions given by TSMC, then TSMC shall, at its option, either repair, if applicable, replace, or credit Customer for such defective Products
XX XXXXXXXXXXXX. TSMC shall return any Products repaired or replaced under this warranty to Customer transportation prepaid, and shall reimburse Customer for the transportation charges paid by Customer for returning such defective Products to TSMC. The performance of this warranty shall not act to extend the one (1) year warranty period for any Products repaired or replaced beyond that period applicable to such Products as originally delivered.

- (b) The foregoing constitutes TSMC's exclusive liability, and Customer exclusive remedy for any breach of warranty under this Agreement, including any non-conformity of the Products with the Quality and Reliability Specifications, and any defects in material or workmanship of the Products. The warranty set forth in this Section 9 is the only warranty that applies to the Products manufactured by TSMC hereunder. No warranty claims may be made to TSMC for the Products, except by Customer in accordance with the terms of this Agreement.

THE FOREGOING WARRANTY SHALL BE EXCLUSIVE AND IN LIEU OF ANY AND ALL OTHER WARRANTIES: EXPRESS, IMPLIED OR STATUTORY, INCLUDING, BUT NOT LIMITED TO, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE HEREBY EXPRESSLY DISCLAIMED.

- (c) Notwithstanding the provisions of Subsection 9(a) above, prior to any return of allegedly defective Products by Customer pursuant to Subsection 9(a) Customer shall first afford TSMC the opportunity upon TSMC's request, to inspect the allegedly defective Products at Customer's facilities, XX
XX
XX.
If TSMC thereby determines that the allegedly defective Products are defective or non-conforming with the Quality and Reliability

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Specifications, or that such alleged defects are caused by defects in material or workmanship of TSMC, then Customer shall be entitled to repair, replacement or credit under this Subsection.

10. INTELLECTUAL PROPERTY INDEMNITY

- (a) Subject to Subsection 10(b) below, TSMC shall, at its expense and at Customer request, defend any claim or suit brought against Customer, solely to the extent that it is based solely on a Process provided by TSMC pursuant to this Agreement that infringes any patent, copyright, trade secret or other proprietary rights of a third party within a list of claims, and TSMC shall indemnify and hold Customer harmless from and against any costs, damages and fees reasonably incurred by Customer, including but not limited to, attorney's fees that are attributable to such claim or suit related to that Process, provided that: (i) Customer gives TSMC reasonably prompt notice in writing of any such claim or suit, and permits TSMC, through counsel of its choice and reasonably acceptable to Customer, to answer the charge of infringement and defend such claim or suit; (ii) Customer provides TSMC information, assistance and authority, at TSMC's expense, to enable TSMC to defend such suit or claim; and (iii) TSMC shall not be responsible for any settlement made by Customer without TSMC written permission.
- (b) TSMC shall have no liability under this Agreement for any claim or suit where infringement arises solely out of TSMC's compliance with or implementation of any of Customer's instructions, specifications, designs or requirements (including those relating to the Process) hereunder, and Customer shall defend such claim or suit and indemnify and hold TSMC harmless from and against any costs, damages and fees reasonably incurred by TSMC in connection with such claim or suit, including but not limited to, attorneys' fees that are attributable to such claims or suit, provided that: (i) TSMC gives Customer reasonably prompt notice in writing of any such claim or suit, and permits Customer, through counsel of its choice and reasonably acceptable to TSMC, to answer the charge of infringement and defend such claims or suit; (ii) TSMC provides Customer information, assistance and authority at Customer's expense, to enable Customer to defend such claim or suit; and (iii) Customer shall not be responsible for any settlement made by TSMC without Customer's written permission.

[illegible]

and Customer for infringement by the Products, the Process and the production of the Products furnished hereunder.

11. LIMITATION OF LIABILITY

In no event shall either party be liable for any punitive, exemplary, indirect, special, incidental or consequential damages (including loss of profits and loss of use) resulting from, arising out of or in connection with such party's performance or failure to perform under this Agreement, or resulting, from, arising out of or in connection with TSMC producing, supplying, and/or sale of the Products or any part thereof, whether due to a breach of contract, breach of warranty, tort, or negligence of either party, or otherwise. The foregoing limitation on liability will not be applicable to claims asserted by third parties which fall within the scope of Section 10 of this Agreement.

12. EXPORT CONTROL

TSMC and Customer are subject to national export control regulations of the Republic of China and the Export Administration Regulations of the United States of America. TSMC and Customer will take all appropriate measures not to violate these regulations and will indemnify the other party against and hold keep the other party fully harmless from all damages arising out of or in connection with any violation. Within reason and upon TSMC's request, Customer shall execute any and all documents provided by TSMC to facilitate the shipment of the Products in compliance with the export control regulations.

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13. TERM AND TERMINATION

- (a) The term of this Agreement shall commence from the Effective Date, and continue until December 31, 2000.
- (b) This Agreement may be terminated by either party if the other party: (i) breaches any material provision of this Agreement and does not cure or remedy such breach within sixty (60) days of notice of breach; (ii) becomes the subject of a voluntary or involuntary petition in bankruptcy or any proceeding relating to insolvency, receivership, liquidation, or composition for the benefit of creditors if such petition or proceeding is not dismissed with prejudice within ninety (90) days after filing. If Customer is the breaching party under this provision, then TSMC shall be entitled to stop or suspend the production of the Products upon giving notice to Customer, and to the payment of the Product Prices for all finished Products and work-in-process (partially finished Products) which are identifiable to this Agreement, without prejudice to damages that may be claimed by TSMC under applicable law.

- (c) In addition to Section 8 above, the provisions under Sections 9, 10, 12 and 15 shall survive the termination or expiration of this Agreement.

14. FORCE MAJEURE

Neither party shall be held liable for any delay or failure to perform under this Agreement if such delay or failure is caused by unforeseen circumstances due to causes beyond its control, including, but not limited to: acts of God, war, riot, embargoes, labor stoppages, acts of civil and military authorities, fire, floods, earthquakes or accidents.

15. NON-PUBLICITY

Except to the extent required by applicable law, neither publicity nor information regarding the existence or contents of this Agreement shall be given or released by either party without the prior written consent of the other party.

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16. ASSIGNMENT

Neither party shall delegate any obligations under this Agreement nor assign this Agreement or any interest or rights hereunder without the prior written consent of the other, except that TSMC shall be free to choose the mask vendor to make mask sets, and/or to subcontract the packaging of the Products.

17. GOVERNING LAW AND ARBITRATION

- (a) This Agreement shall be governed by and interpreted in accordance with the laws of the State of California.
- (b) Each party will make best efforts to resolve amicably any disputes or claims under this Agreement among the parties. In the event that a resolution is not reached among the parties within thirty (30) days after written notice by any party of the dispute or claim, the dispute or claim shall be finally settled pursuant to the arbitration procedure in Section 13 of the Option Agreement between the two parties.

18. NOTICE

All notices required or permitted to be sent by either party to the other party under this Agreement shall be sent by registered mail postage prepaid, or by personal delivery, or by fax. Any notice given by fax shall be followed by a confirmation copy within ten (10) days. Unless changed by written notice given by either party to the other, the addresses and fax numbers of the respective parties shall be as follows:

To TSMC:

Taiwan Semiconductor Manufacturing Company, Ltd.

No. 121, Park Avenue 3
Science Based Industrial Park
Hsin-Chu, Taiwan
Republic of China

FAX: 886-35-781545

To Customer:

Benchmark Microelectronics, Inc.
17919 Waterview Parkway
Dallas, TX 75252

FAX: (214) 437-9198

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19. ENTIRE AGREEMENT

In case of any conflict between this Agreement and the Option Agreement dated May 31, 1996, the Option Agreement shall govern. This Agreement and attached Exhibits and the Option Agreement dated May 31, 1996, constitute the entire agreement between the parties with respect to the subject matter hereof and supersedes and replaces all prior or contemporaneous understandings, agreements, dealings, and negotiations, oral or written, regarding the subject matter. Any terms and conditions listed in the Purchase Orders placed by Customer under this Agreement, except quantities ordered, shipment dates and delivery dates shall not constitute part of this Agreement, nor affect or revise the terms and conditions of this Agreement, even in cases such Purchase Orders are signed and returned by TSMC, unless both parties expressly agree in writing to include any such terms or conditions in the Agreement. No modification, alteration or amendment of this Agreement shall be effective unless in writing and signed by both parties. No waiver of any breach or failure by either party to enforce any provision of this Agreement shall be deemed a waiver of any other or subsequent breach or a waiver of future enforcement of that or any other provision.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed in duplicate on their behalf by their duly authorized officers and representatives on the date given above.

Taiwan Semiconductor
Manufacturing Company, Ltd.

/s/ Don Brooks

Signature

Don Brooks

President

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IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed in duplicate on their behalf by their duly authorized officers and representatives on the date given above.

Benchmarq Microelectronics, Inc.

/s/ Derrell Coker

Signature

Derrell Coker

President

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20. LIST OF EXHIBITS

EXHIBIT	A	PROCESS DESIGN RULE & PARAMETRIC INFORMATION
	A-1	PROCESS CONTROL INFORMATION
	B	PARAMETRIC AND ELECTRICAL SPECIFICATIONS
	B-1	PACKAGE SPECIFICATION
	C	QUALIFICATION PLAN
	C-1	QUALITY AND RELIABILITY SPECIFICATIONS
	D	INSPECTION AND ACCEPTANCE TESTING METHODS
	E	INCOTERMS
	F	PRICE QUOTE

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EXHIBIT A-1
PROCESS CONTROL INFORMATION

1. XXXXXXXXXXXXXXXXXXXX
2. XXXXXXXXX
3. XXXXXXXXXXXXXXXX
4. XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
5. XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
6. XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
7. XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
8. XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
9. XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

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EXHIBIT B
PARAMETRIC & ELECTRICAL SPECIFICATIONS

("Portions of subject exhibit have ommitted and filed separately with the Commission pursuant to a request for Confidential Treatment.")

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EXHIBIT B-1
PACKAGE SPECIFICATION

("Portions of subject exhibit have ommitted and filed separately with the Commission pursuant to a request for Confidential Treatment.")

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EXHIBIT C
QUALIFICATION PLAN

- 1. Wafers/process must pass all TSMC's documented electrical test parameters and physical dimension specifications.
- 2. Wafers/process must pass TSMC electromigration, oxide pinhole, hot electron, VT stability, metal integrity and metal step coverage tests.
- 3. Wafers/process must meet TSMC's documented design rule and device modeling specifications.
- 4. Wafers and packaged unties will be submitted by Benchmarq for industry standard environmental and reliability testing (such as High-Temperature Operating Life, Temperature Cycling, THB, Autoclave, etc.). TSMC will be notified of any wafer level problems that are detected and will implement any necessary corrective action.
- 5. TSMC must provide periodic reliability and Statistical Process Control data to Benchmarq on a regular basis.
- 6. Notices of any major changes to process or materials must be submitted to Benchmarq in writing for their approval prior to the change being implemented.

EXHIBIT C-1
QUALITY AND RELIABILITY SPECIFICATIONS

SPECIFICATION NAME	SPECIFICATION NUMBER
-----	-----
XXXXXXXXXXXXXXXXXXXXXXXXXXXX	XXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXX	XXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX	XXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX	XXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX	XXXXXXXXXXXX
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XXXXXXXXXXXX

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EXHIBIT D INSPECTION AND ACCEPTANCE TESTING METHODS

The following specifications describe the requirements and the minimum conformance standard for TSMC manufactured products. The specifications listed below apply to all products manufactured by TSMC.

1. TSMC Document XXXXXXXXXXXX Outgoing QA Procedure
2. TSMC PCM data
3. TSMC functional test data (if applicable)

The above specifications identify the electrical criteria, minimum yield criteria, visual criteria, and structural and mechanical standards that all TSMC manufactured Products are required to meet.

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EXHIBIT E INCOTERMS

Outline of Incoterms 1990

<TABLE>
<CAPTION>
Chapter

Contents

<S>	<C>
EXW	Ex Works
FCA	Free Carrier
FAS	Free Alongside Ship
FOB	Free On Board
CAR	Cost and Freight
CIF	Cost, Insurance and Freight
CPT	Carriage Paid To
CIP	Carriage and Insurance Paid To
DAF	Delivered at Frontier
DES	Delivered Es Ship
DEQ	Delivered Ex Quay (Duty Paid)
DDU	Delivered Duty Unpaid
DDP	Delivered Duty Paid

</TABLE>

July 25, 1996

EXHIBIT F
QUOTE

XXXXXXXXXXXXXXXXXXXX
Benchmarq Microelectronics
Fax No. 214/437-9198

XXXXXXXXXXXXXXXXXXXX,

XX.
XX.
XXXXXXXXXXXXXXXXXXXXXXXXXXXX.

<TABLE>

<CAPTION>

1. Price Quotation:

-----	-----
<S>	<C>
XXXXXXXXXXXX	XXXXXXXXXXXX
-----	-----

	XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXXXX
	XXXX	XXXX	XXXX	XXXX
XXXXXXXXXX	\$XXX	\$XXX	\$XXX	\$XXX
XXXXXXXXXX	\$XXX	\$XXX	\$XXX	\$XXX
XXXXXXXXXX	\$XXX	\$XXX	\$XXX	\$XXX
XXXXXXXXXX	\$XXX	\$XXX	\$XXX	\$XXX
XXXXXXXXXX	\$XXX	\$XXX	\$XXX	\$XXX

</TABLE>

XX.

If you have any questions, please feel free to contactXXXXXXXXXXXXXXXXXXXXXXXXXXXX.

Sincerely,

XXXXXXXXXXXX
 XXXXXXXXXXXXXXXX,
 North American Business
 TSMC, USA

XXXXXXXXXXXX

CC: XXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXX
 XXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXX

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