UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

# FORM 8-K

## CURRENT REPORT

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

June 25, 2002

Date of report (Date of earliest event reported)

Skyworks Solutions, Inc.

(Exact Name of Registrant as Specified in Charter)

| Delaware | 1-5560 | 04-2302115 |
|---|---|---|
| (State or Other Jurisdiction of Incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

| 20 Sylvan Road, Woburn, Massachusetts | 01801 |
|---|---|
| (Address of principal executive offices) | (zip code) |

(781) 935-5150

(Registrant's telephone number, including area code)

Alpha Industries, Inc.

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

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

Effective June 25, 2002, pursuant to the Agreement and Plan of Reorganization, dated as of December 16, 2001, as amended as of April 12, 2002, (the "Merger Agreement"), by and among Conexant Systems, Inc. ("Conexant"), Washington Sub, Inc., a wholly owned subsidiary of Conexant ("Washington"), and Alpha Industries, Inc. (the "Company"), Washington merged with and into the Company, with the Company surviving the merger. Following the merger, the Company changed its corporate name to Skyworks Solutions, Inc. In connection with and immediately prior to the merger, Conexant spun-off its wireless communications business by contributing the assets, liabilities (including liabilities relating to former operations) and operations of its wireless communications business, other than certain assets and liabilities retained by Conexant, to Washington and then distributing outstanding shares of Washington common stock to Conexant stockholders on a one share-for-one share basis (the "Distribution") pursuant to the terms of the Contribution and Distribution Agreement, dated as of December 16, 2001, as amended as of June 25, 2002, (the "Amended Distribution Agreement"), by and between Conexant and Washington.

Conexant stockholders received 0.351 of a share of common stock of the Company in exchange for each share of Washington common stock issued to them in the Distribution, and the shares of Washington stock were canceled and have ceased to exist. Immediately following the merger, approximately 67% of the common stock of the Company, on a fully diluted basis, was owned by Conexant stockholders.

Immediately following completion of the merger, the Company purchased from Conexant, for an aggregate purchase price of $150 million, (i) all of the stock of Conexant Systems, S.A. de C.V., Conexant's Mexican subsidiary that owns and operates Conexant's semiconductor assembly and test facility located in Mexicali, Mexico, pursuant to the Mexican Stock Purchase Agreement, dated as of June 25, 2002, by and between Conexant and the Company (the "Mexican Stock Purchase Agreement"), (ii) certain assets related to the Mexicali facility, pursuant to the Amended and Restated Mexican Asset Purchase Agreement, dated as of June 25, 2002 (the "Amended Mexicali Agreement"), between Conexant and the Company and (iii) certain assets utilized by Conexant's package design team that supports the Mexicali facility, pursuant to the U.S. Asset Purchase Agreement, dated as of December 16, 2001, as amended as of June 25, 2002 (the "Amended U.S. Asset Purchase Agreement"), between Conexant and the Company. The purchase price was paid with short-term promissory notes delivered by the Company to Conexant, which are secured by assets of the Company and certain of its subsidiaries pursuant to a Financing Agreement, dated as of June 25, 2002, by and among Conexant, the Company and certain of the Company's subsidiaries identified therein (the "Financing Agreement"). The Financing Agreement is described in Item 5 of this Form 8-K.

In connection with the merger, the composition of the board of directors of the Company (the "Board") was changed. The Board currently consists of eight directors,

four of whom were selected by Conexant and who currently also serve as officers or directors of Conexant.

The foregoing description of the merger, the Merger Agreement, the Amended Distribution Agreement, the Mexican Stock Purchase Agreement, the Amended Mexicali Agreement and the Amended U.S. Asset Purchase Agreement is qualified in its entirety by reference to such agreements and the joint press release of the Company and Conexant issued on June 26, 2002, copies of which are filed herewith as Exhibits 2.1, 2.2, 2.3, 2.4, 2.5 and 99.4, respectively, and each of such exhibits is hereby incorporated herein by reference.

ITEM 4. CHANGES IN REGISTRANT'S CERTIFYING ACCOUNTANT.

The Company's independent accountant is KPMG LLP ("KPMG") and Washington's independent accountant was Deloitte & Touche LLP ("Deloitte & Touche"). KPMG has continued to serve as the Company's independent accountant after consummation of the merger. Because the merger is being accounted for as a reverse acquisition, the financial statements of Washington constitute the financial statements of the Company as of the consummation of the merger. Therefore, upon the consummation of the merger on June 25, 2002, there was a change in the independent accountant for the Company's financial statements from Deloitte & Touche to KPMG, and accordingly, Deloitte & Touche was dismissed as the Company's independent accountant.

The reports of Deloitte & Touche on Washington's financial statements for the fiscal years ended September 30, 2000 and 2001 did not contain an adverse opinion or a disclaimer of opinion, nor were such reports qualified or modified as to uncertainty, audit scope or accounting principles. The decision to change accountants was approved by the Board.

During Washington's fiscal years ended September 30, 2000 and September 30, 2001 and through the subsequent interim period to June 25, 2002, Washington did not have any disagreement with Deloitte & Touche on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure that, if not resolved to Deloitte & Touche's satisfaction, would have caused Deloitte & Touche to make reference to the subject matter of the disagreement in connection with its report. During that time, there were no "reportable events" as set forth in Item 304(a)(1)(v)(A)-(D) of Regulation S-K ("Regulation S-K") adopted by the Securities and Exchange Commission (the "Commission").

KPMG (or its predecessors) has been the Company's independent accountant since 1975 and the Company has regularly consulted KPMG (or its predecessors) since that time. Washington, as the continuing reporting entity for accounting purposes, has not consulted KPMG during Washington's last two fiscal years and through the interim period to June 25, 2002 regarding any of the matters specified in Item 304(a)(2) of Regulation S-K. The Company has provided Deloitte & Touche with a copy of this Form 8-K prior to its filing with the Commission. Deloitte & Touche has provided a letter to

the Company, dated June 27, 2002 and addressed to the Commission, which is attached hereto as Exhibit 16.1 and is hereby incorporated herein by reference.

ITEM 5. OTHER EVENTS.

As noted above under Item 2, in payment for the acquisition from Conexant of its semiconductor assembly and test facility located in Mexicali, Mexico and assets related thereto, the Company and its new subsidiary, Conexant Systems, S.A. de C.V., issued short-term promissory notes (the "Acquisition Notes") to Conexant in the aggregate principal amount of $150 million under the Financing Agreement. In addition, under the Financing Agreement, Conexant committed to make a short-term $100 million revolving loan facility available to the Company to fund the Company's working capital and other requirements, $75 million of which will be available on or after July 10, 2002, and the remaining $25 million balance of which will be available if the Company has more than $150 million of eligible domestic accounts receivable.

The Acquisition Notes and the loans under the revolving loan facility ("Revolving Loans") are jointly and severally guaranteed by all of the Company's domestic subsidiaries and certain of its foreign subsidiaries, and are secured by a first priority lien on current and future tangible and intangible assets and real property of the Company and such subsidiaries. Unless paid earlier at the option of the Company or pursuant to the mandatory prepayment provisions of the Financing Agreement, fifty percent of the principal amount of the Acquisition Notes is due on March 21, 2003, and the remaining fifty percent of the principal amount of the Acquisition Notes and the entire principal amount of the Revolving Loans are due June 24, 2003.

Interest on the Acquisition Notes and the Revolving Loans is payable at a rate of 10% per annum for the first ninety days following June 25, 2002, 12% per annum for the next ninety days and 15% per annum thereafter.

The Company may prepay amounts outstanding under the Acquisition Notes and the Revolving Loans at any time without penalty. The Company is required to prepay amounts outstanding under the Financing Agreement in certain circumstances. Commencing in July 2002, if at the end of any month the aggregate amount of cash, cash equivalents and marketable securities of the Company on a consolidated basis (the "Available Cash") exceeds $60 million, the Company is required to use its Available Cash in excess of $60 million to repay amounts outstanding under the Financing Agreement. In addition, if at any time, the net cash proceeds from a sale of assets, an equity offering or an incurrence of indebtedness causes the Company's Available Cash to exceed $60 million, the Company is required to use its Available Cash in excess of $60 million to repay amounts outstanding under the Financing Agreement. These mandatory prepayments will be applied first to reduce the principal amount of the Acquisition Notes due March 21, 2003, second to reduce the balance of the Acquisition Notes and third to reduce the Revolving Loans.

The Financing Agreement contains representations and warranties of and an indemnity by the Company and its guarantor subsidiaries in favor of Conexant. In addition, the Financing Agreement contains certain covenants, including without limitation, covenants (i) requiring the Company to maintain a minimum balance of cash, cash equivalents and marketable securities, (ii) imposing limitations on the incurrence of additional indebtedness, (iii) restricting sales of assets, investments, acquisitions and capital expenditures, (iv) requiring the Company to establish a finance committee and (v) restricting inter-company transfers of working capital and assets to foreign subsidiaries.

The Financing Agreement also contains events of default. Upon the occurrence of an event of default (as defined in the Financing Agreement), Conexant may choose from a number of remedies, including terminating the revolving facility, declaring all amounts outstanding under the Acquisition Notes and the Revolving Loans due and payable and selling the Company's property.

The foregoing description of the provisions of the Financing Agreement is qualified in its entirety by reference to such agreement, a copy of which is filed herewith as Exhibit 99.1, and such exhibit is hereby incorporated herein by reference.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(a) Financial Statements of Business Acquired.
Financial statements required by this item are not included in this initial report on Form 8-K, but will be filed by amendment within 60 days after the date that this initial report on Form 8-K must be filed.

(b) Pro Forma Financial Information.
Pro forma financial information required by this item are not included in this initial report on Form 8-K, but will be filed by amendment within 60 days after the date that this initial report on Form 8-K must be filed.

(c) Exhibits.

| Exhibit No. | |
|---|---|
| 2.1 | Agreement and Plan of Reorganization, dated as of December 16, 2001, as amended as of April 12, 2002, by and among Alpha Industries, Inc., Washington Sub, Inc. and Conexant Systems, Inc. (included as Annex A to the Registration Statement on Form S-4 filed by Alpha Industries, Inc. with the Securities and Exchange Commission on May 10, 2002 (File No. 333-83768), and incorporated herein by reference). |
| 2.2 | Contribution and Distribution Agreement, dated as of December 16, 2001, as amended as of June 25, 2002, by and between Conexant Systems, Inc. and Washington Sub, Inc. (excluding schedules). |

| | |
|---|---|
| 2.3 | Mexican Stock Purchase Agreement, dated as of June 25, 2002, by and between Conexant Systems, Inc. and Alpha Industries, Inc. (excluding exhibits and schedules). |
| 2.4 | Amended and Restated Mexican Asset Purchase Agreement, dated as of June 25, 2002, by and between Conexant Systems, Inc. and Alpha Industries, Inc. (excluding exhibits and schedules). |
| 2.5 | U.S. Asset Purchase Agreement, dated as of December 16, 2001, as amended as of June 25, 2002, by and between Conexant Systems, Inc. and Alpha Industries, Inc. (excluding exhibits and schedules). |
| 16.1 | Letter dated June 27, 2002 from Deloitte & Touche LLP to the Securities and Exchange Commission. |
| 99.1 | Financing Agreement, dated as of June 25, 2002, by and among Conexant Systems, Inc., Alpha Industries, Inc. and certain of its subsidiaries identified therein (excluding certain exhibits and schedules). |
| 99.2 | Tax Allocation Agreement, dated as of June 25, 2002, by and among Conexant Systems, Inc., Washington Sub, Inc. and Alpha Industries, Inc. (excluding schedules). |
| 99.3 | Employee Matters Agreement, dated as of June 25, 2002, by and among Conexant Systems, Inc., Washington Sub, Inc. and Alpha Industries, Inc. (excluding schedules). |
| 99.4 | Press Release by Conexant Systems, Inc. and Alpha Industries, Inc. dated June 26, 2002. |

ITEM 8. CHANGE IN FISCAL YEAR.

On April 25, 2002, in connection with its approval of the Company's Second Amended and Restated By-Laws, the Board determined that, as of the effective time of the merger, the Company's fiscal year will end on the Sunday closest to September 30 of each year. No transition period will result from this change in the current fiscal year.

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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.

SKYWORKS SOLUTIONS, INC.

Date: June 28, 2002

By: /s/ Daniel N. Yannuzzi
Daniel N. Yannuzzi
Vice President and General Counsel

EXHIBIT INDEX

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| 2.2 | Contribution and Distribution Agreement, dated as of December 16, 2001, as amended as of June 25, 2002, by and between Conexant Systems, Inc. and Washington Sub, Inc. (excluding schedules). |
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| 2.4 | Amended and Restated Mexican Asset Purchase Agreement, dated as of June 25, 2002, by and between Conexant Systems, Inc. and Alpha Industries, Inc. (excluding exhibits and schedules). |
| 2.5 | U.S. Asset Purchase Agreement, dated as of December 16, 2001, as amended as of June 25, 2002, by and between Conexant Systems, Inc. and Alpha Industries, Inc. (excluding exhibits and schedules). |
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| 99.4 | Press Release by Conexant Systems, Inc. and Alpha Industries, Inc. dated June 26, 2002. |

EXHIBIT 2.2

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CONTRIBUTION AND DISTRIBUTION AGREEMENT

by and between

CONEXANT SYSTEMS, INC.

and

WASHINGTON SUB, INC.

==========

December 16, 2001,

as amended as of

June 25, 2002

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# CONTRIBUTION AND DISTRIBUTION AGREEMENT

CONTRIBUTION AND DISTRIBUTION AGREEMENT (this "Agreement"), dated as of December 16, 2001, as amended as of June 25, 2002, by and between CONEXANT SYSTEMS, INC., a Delaware corporation ("Conexant"), and WASHINGTON SUB, INC., a Delaware corporation and a wholly-owned subsidiary of Conexant ("Washington").

WHEREAS, Conexant, Washington and Alpha Industries, Inc., a Delaware corporation ("Alpha"), have entered into an Agreement and Plan of Reorganization, dated as of December 16, 2001, as amended as of April 12, 2002 (the "Merger Agreement"), providing for, among other things, the merger of Washington with and into Alpha, with Alpha being the surviving corporation (the "Merger");

WHEREAS, it is a condition to the Merger that, prior to the Effective Time (as defined in the Merger Agreement), the Contribution (as defined herein) and the Distribution (as defined herein) be completed;

WHEREAS, subject to the terms and conditions contained herein, immediately prior to the Effective Time, the Conexant Board (as defined herein) will cause Conexant to distribute to the holders of shares of Common Stock, par value $1 per share, of Conexant ("Conexant Common Stock") and Conexant Series B Preferred Stock (as defined herein), other than shares held in the treasury of Conexant, on a one share-for-one share basis as provided for herein, issued and outstanding shares of Common Stock, par value $.01 per share, of Washington ("Washington Common Stock") (the "Distribution");

WHEREAS, subject to the terms and conditions contained herein, immediately prior to the Distribution, Conexant and the Conexant Subsidiaries (as defined herein) will transfer the Washington Assets and the Washington Subsidiaries (each as defined herein) to Washington or one of the Washington Subsidiaries and Washington and the Washington Subsidiaries will assume the Washington Liabilities (as defined herein), all as more fully described in this Agreement (the "Contribution");

WHEREAS, Conexant and Washington have determined that it is appropriate and desirable to set forth the principal corporate transactions required to effect the Contribution and the Distribution and certain other agreements that will govern certain matters relating to the Contribution and the Distribution and the relationship of Conexant, Washington and the respective members of the Conexant Group and the Washington Group (each as defined herein) following the Contribution and the Distribution; and

WHEREAS, the parties to this Agreement intend that the Contribution and the Distribution qualify under Sections 355 and 368 of the Code (as defined herein) as a reorganization and that the Merger qualifies under Section 368 of the Code as a reorganization.

NOW, THEREFORE, in consideration of the premises and of the respective agreements and covenants contained in this Agreement, the parties hereby agree as follows:

## ARTICLE I

## DEFINITIONS

Section 1.01 General. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"1999 Indenture" means the Indenture dated as of May 12, 1999 between Conexant and The First National Bank of Chicago, as Trustee.

"2000 Indenture" means the Indenture dated as of February 1, 2000 between Conexant and Bank One Trust Company, National Association, as Trustee.

"Accounts Receivable" means accounts, loans and notes receivable (whether current or not current), including receivables due from employees, and all proceeds thereof and rights to payment with respect thereto.

"Action" means, with respect to any Person, any actual or threatened or future action, suit, arbitration, inquiry, proceeding or investigation by or before any Governmental Entity or any claims or other legal matters that have been or may be asserted by or against, or otherwise affect, such Person.

"Administrative Services" shall have the meaning set forth in Section 5.03(e)(i)(A).

"Administrative Services Software" shall have the meaning set forth in Section 5.03(e)(i)(B).

"Affiliate" means, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person; provided, however, that for purposes of the Transaction Agreements, following the Time of Distribution, no member of either Group shall be deemed to be an Affiliate of any member of the other Group. For purposes of the immediately preceding sentence, the term "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise.

"Agreement" shall have the meaning set forth in the preamble.

"Alpha" shall have the meaning set forth in the recitals.

"Ancillary Agreements" means, collectively, the Employee Matters Agreement, the Tax Allocation Agreement, the Transition Agreement, the IT Transition Services Agreement and the Conveyance and Assumption Instruments.

"Asset/Liability Allocation Matter" shall have the meaning set forth in Section 2.01(b).

"Assets" means any and all assets, properties and rights, whether tangible or intangible, real, personal or mixed, fixed, contingent or otherwise, and wherever located (other than ownership interests in Subsidiaries), including the following:

(a) Real Property;

(b) Machinery and Equipment;

(c) Inventories;

(d) bank accounts;

(e) cash, cash on hand, cash equivalents, funds, certificates of deposit, similar instruments and travelers checks;

(f) Accounts Receivable;

(g) advances, performance and surety bonds, and interests as beneficiary under letters of credit and other similar instruments and all proceeds thereof;

(h) Securities;

(i) Hedging Arrangements;

(j) Data and Records;

(k) Patents and Trademarks;

(l) Trade Secrets;

(m) Contracts;

(n) credits, prepayments, prepaid expenses, deposits and retentions held by third parties;

(o) claims, causes of action, choses in action, rights under express or implied warranties, guarantees and indemnities and similar rights, rights of recovery, rights of set-off, rights of subrogation and all other rights of any kind (including the right to receive mail and other communications);

(p) Permits;

(q) goodwill and going concern value; and

(r) other intangible assets not otherwise included in clauses (a) through (q) of this definition.

"Assigning Party" shall have the meaning set forth in Section 2.08.

"Audited Balance Sheet" means the combined balance sheet of the Washington Business as of September 30, 2001, together with the notes thereto, audited by Deloitte & Touche LLP, prepared in accordance with U.S. generally accepted accounting principles.

"By-laws" means Washington's amended by-laws in the form attached hereto as Schedule 1.01(a).

"Capital Expenditures" means the out-of-pocket fees, costs and expenses incurred by Conexant or any of its Subsidiaries (including members of the Washington Group) in respect of purchases of capital equipment by Conexant for or on behalf the Washington Group in the amounts set forth on Schedules 2.04 and 4.09.

"Cash" means all cash, cash on hand, cash equivalents, funds, certificates of deposit, similar instruments and travelers checks held by Conexant or any of its Subsidiaries and Affiliates (including members of the Washington Group) immediately prior to the Time of Distribution.

"Certificate of Incorporation" means Washington's restated certificate of incorporation in the form attached hereto as Schedule 1.01(g).

"China/Mauritius Outstanding Checks" shall have the meaning set forth in Section 2.04(c)(ii).

"Claims Administration" means the processing of claims made under Policies, including the reporting of claims to the insurance carrier, management and defense of claims, and providing for appropriate releases upon settlement of claims.

"Claims Made Policies" shall have the meaning set forth in Section 5.01(b).

"Code" means the Internal Revenue Code of 1986, as amended, or any successor legislation.

"Combined Company" shall have the meaning set forth in the Merger Agreement.

"Conexant" shall have the meaning set forth in the preamble.

"Conexant Assets" means the following:

(a) all rights of any member of the Conexant Group under any Transaction Agreement to which it is or becomes a party;

(b) all Assets which are expressly allocated to any member of the Conexant Group pursuant to any Ancillary Agreement, the Newbury Supply Agreement or the Newport Supply Agreement;

(c) the following specifically enumerated Assets which immediately prior to the Time of Distribution are owned by Conexant or any of its Subsidiaries (including members of the Washington Group), in each case whether or not such Assets are used in or relate to the Conexant Business or the Washington Business:

(i) (A) all Conexant Bank Accounts and (B) all Cash (including all Cash contained in the Conexant Bank Accounts and the Washington Bank Accounts);

(ii) all Machinery and Equipment other than that set forth on Schedule 1.01(b); provided, however, that it is understood and agreed that it is the intent of the parties hereto that all Machinery and Equipment used exclusively in the Washington Business or exclusively by persons who are employed in the Washington Business at the Time of Distribution be Washington Assets, and any such Machinery and Equipment (other than Machinery and Equipment set forth on Schedule 1.01(f)) shall be a Washington Asset notwithstanding the fact that it has not been included, through inadvertence or otherwise, on Schedule 1.01(b);

(iii) all Securities;

(iv) all Hedging Arrangements;

(v) all Patents and Trademarks other than those set forth on Schedule 1.01(c);

(vi) all Accounts Receivable;

(vii) all Policies and all rights, benefits and privileges thereunder and related thereto (including the right to receive any and all return premiums with respect thereto), other than rights with respect to Policies to the extent provided in Sections 5.01(b) and 5.01(c);

(viii) other than as provided for in Section 5.02, all rights in, and to the use of, the Conexant Marks;

(ix) all rights in, and to the use of, the names, trademarks, trade names, domain names and service marks "Mindspeed", "Mindspeed Technologies" and "Mindspeed Technologies, Inc." and all corporate symbols and logos related thereto and all names, trademarks, trade names, domain

names and service marks which include the words "Mindspeed", "Mindspeed Technologies" or "Mindspeed Technologies, Inc." or any derivative thereof;

(x) all Real Property (including the wafer fabrication and other manufacturing, assembly and test facilities and other facilities located at Newport Beach, California, San Diego, California, Mexicali, Mexico and El Paso, Texas and the real property and fixtures associated therewith) other than the Washington Real Property;

(xi) all Inventories other than Washington Inventories;

(xii) all Assets, including the stock and assets of Maquiladora (as defined in the Facility Sale Agreement), subject to the Facility Sale Agreement and the U.S. Asset Purchase Agreement;

(xiii) all Assets set forth on Schedule 1.01(f); and

(xiv) the Conexant Bluetooth Baseband Solution;

(d) all other Assets which immediately prior to the Time of Distribution are owned by Conexant or any of its Subsidiaries (including members of the Washington Group) that are not Washington Assets; and

(e) all rights, choses in action, causes of action and claims of Conexant or any of its Subsidiaries (including members of the Washington Group) to the extent relating to any asset described in clauses (a) through (d) above.

Anything contained herein to the contrary notwithstanding, assets described in paragraphs (b) and (c) of the definition of "Washington Assets" will not be included in Conexant Assets.

"Conexant Bank Accounts" means all bank accounts of Conexant or any of its Subsidiaries (including members of the Washington Group) immediately prior to the Time of Distribution, other than Washington Bank Accounts.

"Conexant Bluetooth Baseband Solution" means the Bluetooth baseband solution known internally at Conexant as "Albert" and "Cobalt", the ownership of which is retained by Conexant at the Time of Distribution.

"Conexant Board" means the Board of Directors of Conexant or a duly authorized committee thereof.

"Conexant Business" means (a) the businesses and operations engaged in prior to the Time of Distribution by the members of the Pre-Distribution Group (but with respect to each such member who has ceased to be an Affiliate of Conexant or its predecessors, only businesses engaged in prior to the time that such member of the Pre-Distribution Group ceased to be an Affiliate of Conexant or its predecessors) of researching, developing,

designing, engineering, manufacturing, having manufactured, assembling, having assembled, selling, distributing, installing, modifying, repairing, servicing and supporting semiconductor products and systems for communications electronics markets such as personal computers, personal imaging devices, wireless communications products, network access products, digital information and entertainment products, and activities related thereto, (b) Former Businesses related to any of the foregoing, including Former Businesses set forth on Schedule 1.01(d), and (c) activities related to the foregoing, in the case of each of the foregoing clauses (a), (b) and (c), other than any businesses, operations or activities included in the Washington Business. The parties acknowledge that businesses contained in the Conexant Business have in the past operated under the names Mindspeed Technologies, Network Access Division, Digital Infotainment Division, Personal Imaging Division and Personal Computing Division.

"Conexant Common Stock" shall have the meaning set forth in the recitals.

"Conexant Expenses" means the following out-of-pocket fees, costs and expenses of Conexant or any of its Subsidiaries (including members of the Washington Group), whether incurred and/or paid before, at or after the Time of Distribution:

(a) all out-of-pocket fees, costs and expenses incurred in connection with the preparation, execution and delivery of the Facility Sale Agreement, the U.S. Asset Purchase Agreement and the Facility Services Agreement; and

(b) all out-of-pocket fees, costs and expenses relating to the Contribution, the Distribution and/or the Merger to the extent the same relate to operations of the Conexant Business after the Time of Distribution.

"Conexant Financial Instruments" means those credit facilities, guaranties, foreign currency forward exchange contracts, comfort letters, letters of credit and similar instruments related to the Conexant Business under which any member of the Washington Group has any primary, secondary, contingent, joint, several or other Liability after the Time of Distribution (a) set forth on Schedule 1.01(e) or (b) entered into between December 16, 2001 and the Time of Distribution in the ordinary course of business.

"Conexant Group" means Conexant and the Conexant Subsidiaries.

"Conexant Indemnitees" means each member of the Conexant Group and each of their respective Representatives and Affiliates and each of the heirs, executors, successors and assigns of any of the foregoing.

"Conexant Liabilities" means the following:

(a) all Liabilities of any member of the Conexant Group under any Transaction Agreement to which it is or becomes a party (including Liabilities related to outstanding checks allocated to any member of the Conexant Group under Section 2.04);

(b) all Liabilities for which any member of the Conexant Group is expressly made responsible pursuant to any Ancillary Agreement, the Newbury Supply Agreement or the Newport Supply Agreement;

(c) the following specifically enumerated Liabilities of Conexant or any of its Subsidiaries (including members of the Washington Group), in each case whether or not such Liabilities relate to the Conexant Business, the Conexant Assets, the Washington Business or the Washington Assets:

(i) all Liabilities in respect of the Convertible Notes;

(ii) all accounts payable accrued in the accounts payable account on the books of Conexant and its Subsidiaries (including members of the Washington Group) immediately prior to the Time of Distribution (subject to Section 4.09); and

(iii) all Liabilities specified in writing by Conexant to Washington pursuant to Section 2.01(d)(ii), if and to the extent required by Section 2.01(d)(ii); and

(d) all other Liabilities of Conexant or any of its Subsidiaries (including members of the Washington Group) in respect of operations engaged in prior to the Time of Distribution that are not Washington Liabilities.

Anything contained herein to the contrary notwithstanding, Liabilities described in paragraphs (b) and (c) of the definition of "Washington Liabilities" will not be included in Conexant Liabilities.

"Conexant License Agreement" shall have the meaning set forth in Section 5.04.

"Conexant Marks" means the names, trademarks, trade names, domain names and service marks "Conexant", "Conexant Systems" and "Conexant Systems, Inc." and all corporate symbols and logos related thereto and all names, trademarks, trade names, domain names and service marks which include the words "Conexant", "Conexant Systems" or "Conexant Systems, Inc." or any derivative thereof.

"Conexant Series B Preferred Stock" means the Series B Voting Preferred Stock, without par value, of Conexant, one share of which is issued and outstanding as of December 16, 2001.

"Conexant Spin-Off" shall have the meaning set forth in Section 5.03(b)(iii).

"Conexant Subsidiary" means each Subsidiary of Conexant other than Washington and the Washington Subsidiaries.

"Consents" means consents, approvals, waivers, clearances, exemptions, allowances, novations, authorizations, filings, registrations and notifications.

"Contracts" means all agreements, real estate and other leases, contracts (including employee contracts), licenses, memoranda of understanding, letters of intent, sales orders, purchase orders, open bids and other commitments, including in each case, all amendments, modifications and supplements thereto and waivers and consents thereunder.

"Contribution" shall have the meaning set forth in the recitals.

"Convertible Notes" means Conexant's (a) 4-1/4% convertible subordinated notes due May 1, 2006 issued under the 1999 Indenture and (b) 4% convertible subordinated notes due February 1, 2007 issued under the 2000 Indenture.

"Conveyance and Assumption Instruments" means, collectively, the various agreements, deeds (including transfer deeds for Real Property), bills of sale, stock powers, certificates of title, instruments of conveyance and assignment, instruments of assumption and other instruments and documents which are, in the reasonable opinion of Conexant, Washington and Alpha, necessary or desirable to effect the transfer of Assets and Subsidiaries and the assumption of Liabilities contemplated by the transactions described in Section 2.01.

"Data and Records" means financial, accounting, corporate, operating, design, manufacturing, test and other data and records (in each case, in whatever form or medium, including electronic media), including books, records, notes, sales and sales promotional material and data, advertising materials, credit information, cost and pricing information, customer, supplier and agent lists, other records pertaining to customers, business plans, reference catalogs, payroll and personnel records and procedures, blue-prints, research and development files, data and laboratory books, sales order files, litigation files, minute books, stock ledgers, stock transfer records and other similar data and records.

"Dispute" shall have the meaning set forth in Section 7.05.

"Distribution" shall have the meaning set forth in the recitals.

"Distribution Agent" means the distribution agent selected by Conexant to distribute Washington Common Stock in connection with the Distribution.

"Distribution Date" means the date determined by the Conexant Board in accordance with Section 3.01 as the date as of which the Distribution will be effected.

"Effective Time" shall have the meaning set forth in the Merger Agreement.

"Employee Matters Agreement" means the Employee Matters Agreement to be entered into among Conexant, Washington and Alpha prior to the Time of Distribution.

"Facility Sale Agreement" shall have the meaning set forth in the Merger Agreement.

"Facility Services Agreement" shall have the meaning set forth in the Merger Agreement.

"Former Business" means any corporation, partnership, entity, division, business unit, business, assets, plants, product line, operations or contract (including any assets and liabilities comprising the same) that has been sold, conveyed, assigned, transferred or otherwise disposed of or divested (in whole or in part) by any member of the Pre-Distribution Group or the operations, activities or production of which has been discontinued, abandoned, completed or otherwise terminated (in whole or in part) by any member of the Pre-Distribution Group.

"Governmental Entity" means any government or any court, arbitral tribunal, administrative agency or commission or other governmental or regulatory authority or agency, federal, state, local, domestic, foreign or international.

"Group" means the Conexant Group or the Washington Group, as applicable.

"Hedging Arrangements" means swaps, collars, caps and other hedging arrangements of any kind.

"Indemnifiable Losses" means any and all losses, Liabilities, claims, damages, deficiencies, obligations, fines, payments, Taxes, Liens, costs and expenses, matured or unmatured, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, known or unknown, whenever arising and whether or not resulting from Third Party Claims (including the costs and expenses of any and all Actions; all amounts paid in connection with any demands, assessments, judgments, settlements and compromises relating thereto; interest and penalties with respect thereto; out-of-pocket expenses and reasonable attorneys', accountants' and other experts' fees and expenses reasonably incurred in investigating, preparing for or defending against any such Actions or in asserting, preserving or enforcing an Indemnitee's rights hereunder; and any losses that may result from the granting of injunctive relief as a result of any such Actions).

"Indemnifying Party" shall have the meaning set forth in Section 4.04(a).

"Indemnitee" means any of the Conexant Indemnitees or the Washington Indemnitees who or which is entitled to seek indemnification under this Agreement.

"Indemnity Reduction Amounts" shall have the meaning set forth in Section 4.04(a).

"Information" means all records, books, contracts, instruments, computer data and other data and information (in each case, in whatever form or medium, including electronic media).

"Information Statement" means the information statement with respect to Washington sent to holders of Conexant Common Stock and Conexant Series B Preferred Stock in connection with the Distribution.

"Insurance Proceeds" means monies (a) received by an insured from an insurance carrier, (b) paid by an insurance carrier on behalf of an insured or (c) received from any third party in the nature of insurance, contribution or indemnification in respect of any Liability.

"Intellectual Property" shall have the meaning set forth in Section 5.03(a)(i).

"Inventories" means inventories, including raw materials, work-in-process, materials, components, finished goods, parts, accessories and supplies.

"IRS" means the Internal Revenue Service.

"IT Transition Services Agreement" means the IT Transition Services Agreement to be entered into between Conexant and Alpha prior to the Time of Distribution, among other things, providing for various IT services to be provided by Conexant to Alpha following the Distribution Date.

"Liabilities" means any and all claims, debts, liabilities, commitments and obligations of whatever nature, whether fixed, contingent or absolute, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising and whether or not the same would be required by generally accepted accounting principles to be reflected as a liability in financial statements or disclosed in the notes thereto, including all costs and expenses relating thereto and those claims, debts, liabilities, commitments and obligations:

(a) based upon, arising out of or relating to any law, statute, rule, regulation, judgment, order, decision or consent decree of any Governmental Entity or any noncompliance therewith or breach or violation of any thereof;

(b) in respect of accounts payable;

(c) based upon, arising out of or relating to workers' compensation, automobile liability, general liability, product liability, intellectual property liability and other claims and matters (whether direct or for indemnification of any Person or otherwise, and whether insured or uninsured);

(d) based upon, arising out of or relating to Actions or any award of any arbitrator of any kind;

(e) in respect of salary, bonuses, incentive payments, severance payments and other compensation payments and all Taxes and withholdings related thereto;

(f) in respect of employee welfare and fringe benefits (including claims for medical and disability benefits);

(g) based upon, arising out of or relating to environmental matters (including the presence, release or threatened release of hazardous materials or any

other environmental conditions or the violation of any environmental laws), including all removal, remediation and cleanup costs, investigatory costs, settlement costs, governmental response costs, natural resources damages, property damages, personal injury damages and all other costs and damages;

(h) based upon, arising out of or relating to Contracts;

(i) based upon, arising out of or relating to torts (whether based on negligence, strict liability or otherwise) or infringements; and

(j) in respect of products and services, including warranty liabilities, deferred revenues, product liability claims and liabilities in respect of the return, repair or replacement of products.

"Lien" means any lien, security interest, pledge, mortgage, charge, restriction, retention of title agreement or other encumbrance of whatever nature.

"Local Closing Time" means (i) with respect to each Washington Bank Account (other than the Washington Bank Accounts in China and Mauritius), the close of business (local time at the location of such Washington Bank Account) on the Distribution Date and (ii) with respect to each of the Washington Bank Accounts in China and Mauritius, the close of business (local time at the location of such Washington Bank Account) on the date such account is actually transferred to Washington.

"Lucent License Agreement" means the license agreement effective October 1, 1999 between Conexant and Lucent Technologies GRL Corporation.

"Machinery and Equipment" means machinery, equipment, tooling, vehicles, furniture and fixtures, leasehold improvements, repair parts, tools, plant, laboratory and office equipment and supplies, computer hardware and software, computer networking equipment, engineering and design equipment, test equipment and other tangible personal property (other than tangible personal property included in other categories of assets in the definition of "Assets"), together with any rights or claims arising out of maintenance or service contracts relating thereto or the breach of any express or implied warranty by the manufacturers or sellers of any of such assets or any component part thereof.

"Material Adverse Effect" shall have the meaning set forth in the Merger Agreement.

"Merger" shall have the meaning set forth in the recitals.

"Merger Agreement" shall have the meaning set forth in the recitals.

"Net Asset Deficiency" shall have the meaning set forth in Section 2.01(d)(ii).

"Newbury Supply Agreement" shall have the meaning set forth in the Merger Agreement.

"Newport Supply Agreement" shall have the meaning set forth in the Merger Agreement.

"Occurrence Basis Policies" shall have the meaning set forth in Section 5.01(b).

"Patents and Trademarks" means (a) all patents (including utility and design patents, industrial designs and utility models), patent applications and patent and invention disclosures, together with all reissuances, continuations, continuations-in-part, divisions, revisions, supplementary protection certificates, extensions and re-examinations thereof, and any other U.S. or foreign patent rights entitled to the same priority claim (in whole or in part) as any of the foregoing, (b) trademarks, service marks, trade names, trade dress, logos, Internet domain names, business and product names and slogans and all registrations and applications for registration of any of the foregoing, (c) copyrights and all applications, registrations and renewals in connection therewith and (d) mask work and semiconductor chip right applications, registrations and renewals in connection therewith.

"Permits" means licenses, permits, authorizations, consents, certificates, registrations, variances, franchises and other approvals from any Governmental Entity, including those relating to environmental matters.

"Person" means any individual, partnership, joint venture, corporation, limited liability entity, trust, unincorporated organization or other entity (including a Governmental Entity).

"Performance Plan Shares" means an aggregate of One Million Four Hundred Thousand (1,400,000) shares of Washington Common Stock, representing the number of shares of Washington Common Stock that would have been distributed in the Distribution in respect of One Million Four Hundred Thousand (1,400,000) shares of Conexant Common Stock reserved for issuance to holders of outstanding Performance Units under the Conexant Systems, Inc. 2001 Performance Share Plan if those shares of Conexant Common Stock had been issued and outstanding as of the Record Date.

"Philsar" means Philsar Semiconductor Inc., a Conexant Subsidiary.

"Philsar Exchangeable Shares" means the Exchangeable Shares of Philsar which are exchangeable at any time, and from time to time, at the election of the holder thereof (other than Conexant or a Conexant Subsidiary) into one share of Conexant Common Stock for each Exchangeable Share and which are entitled, pursuant to the terms of the Exchangeable Shares (other than Exchangeable Shares held by Conexant or any Conexant Subsidiary) to participate with the holders of Conexant Common Stock in any distribution or dividend payable on Conexant Common Stock.

"Philsar Marks" shall have the meaning set forth in Section 5.02(d).

"Policies" means all insurance policies, insurance contracts and claim administration contracts of any kind of Conexant and its Subsidiaries (including members of

the Washington Group) and their predecessors which were or are in effect at any time at or prior to the Time of Distribution (other than insurance policies, insurance contracts and claim administration contracts established in contemplation of the Distribution and the Merger to cover only Washington and its Subsidiaries after the Time of Distribution), including primary, excess and umbrella, commercial general liability, fiduciary liability, product liability, automobile, aircraft, property and casualty, business interruption, directors and officers liability, employment practices liability, workers' compensation, crime, errors and omissions, special accident, cargo and employee dishonesty insurance policies and captive insurance company arrangements, together with all rights, benefits and privileges thereunder.

"Pre-Distribution Group" means (a) each of Conexant, the Subsidiaries of Conexant existing immediately prior to the Time of Distribution (including members of the Washington Group) and Persons that have ceased to be Subsidiaries of Conexant prior to the Time of Distribution, (b) each of the predecessors of each of the foregoing (including Rockwell) and (c) each of the Persons that have ceased to be Subsidiaries and other Affiliates of each of the foregoing and their predecessors prior to the Time of Distribution. Notwithstanding the foregoing, (i) Boeing North American, Inc. and Persons who are Affiliates of Boeing North American, Inc. after December 6, 1996 will not constitute members of the Pre-Distribution Group for periods after December 6, 1996 and (ii) Rockwell and Persons who are Affiliates of Rockwell after December 31, 1998 will not constitute members of the Pre-Distribution Group for periods after December 31, 1998.

"Printing Expenses" means all out-of-pocket fees, costs and expenses incurred by Conexant in connection with the filing, printing and mailing of the Form S-4 and the Proxy Statement/Prospectus (each as defined in the Merger Agreement).

"Privileged Information" means, with respect to a Group, Information regarding a member of such Group, or any of its operations, employees, Assets or Liabilities (whether in documents or stored in any other form or known to its employees or agents) that is or may be protected from disclosure pursuant to the attorney-client privilege, the work product doctrine or other applicable privileges, that a member of the other Group has or may come into possession of or has obtained or may obtain access to pursuant to this Agreement or otherwise.

"Real Property" means real property (including land, plants, buildings, fixtures and improvements) and real property interests (including real property leases).

"Recipient Party" shall have the meaning set forth in Section 2.08.

"Record Date" means 11:57 p.m. Eastern Time on the Distribution Date.

"Recorded Amount" means the amount of (i) cash on deposit in each of the Washington Bank Accounts as reflected in bank account statements in respect of such Washington Bank Accounts as of the applicable Local Closing Time and (ii) wire transfers to any of the Washington Bank Accounts initiated prior to the applicable Local Closing Time

but credited to the Washington Bank Accounts thereafter. No deduction from such amounts shall be made in respect of any outstanding checks.

"Reorganization Agreements" shall have the meaning set forth in the Merger Agreement.

"Representative" means, with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants, attorneys and representatives.

"Rockwell" means Rockwell Automation, Inc. (formerly named Rockwell International Corporation), a Delaware corporation.

"Rockwell Distribution Agreement" means the Distribution Agreement dated as of December 31, 1998 between Conexant and Rockwell.

"Securities" means short-term and long-term investments, banker's acceptances, shares of stock, notes, bonds, debentures, evidences of indebtedness, certificates of interest or participation in profit-sharing agreements, collateral-trust certificates, preorganization certificates or subscriptions, transferable shares, puts, calls, straddles, options, investment contracts, voting trusts and certificates and other securities of any kind (other than ownership interests in Subsidiaries).

"Settlement Claim" means any claim asserted by Conexant or any of its Subsidiaries (including members of the Washington Group) under any Policies in respect of payments made by Conexant pursuant to the settlement and release agreement identified on Schedule 1.01(n) to the customer of the Washington Business party thereto.

"Special Purpose Statement of Tangible Net Assets" means the special purpose statement as of September 30, 2001 of tangible assets and liabilities to be contributed by Conexant and its Subsidiaries to the Washington Group, which will be derived from the Audited Balance Sheet, will contain only those line items contained in the Unaudited Special Purpose Statement of Tangible Net Assets (which line items will be in the same amounts as the corresponding line items in the Audited Balance Sheet, unless otherwise provided in the methodology set forth in the notes to the Unaudited Special Purpose Statement of Tangible Net Assets) and will be prepared using the same methodology set forth in the notes to the Unaudited Special Purpose Statement of Tangible Net Assets.

"Subsidiary" means, with respect to any Person, any corporation or other organization, whether incorporated or unincorporated, of which such Person or any Subsidiaries of such Person controls or owns, directly or indirectly, more than 50% of the stock or other equity interest, or more than 50% of the voting power entitled to vote on the election of members to the board of directors or similar governing body; provided, however, that (except as specifically noted herein) for purposes of this Agreement, none of Washington or the Washington Subsidiaries shall be deemed to be a Conexant Subsidiary.

"Tax" and "Taxes" shall have the meaning set forth in the Tax Allocation Agreement.

"Tax Allocation Agreement" means the Tax Allocation Agreement to be entered into among Conexant, Washington and Alpha prior to the Time of Distribution.

"Third Party Claim" shall have the meaning set forth in Section 4.05(a).

"Time of Distribution" means 11:58 p.m. Eastern Time on the Distribution Date.

"Trade Secrets" means (a) trade secrets and confidential business and technical information (including ideas, research and development, know-how, formulas, technology, compositions, manufacturing and production processes and techniques, technical data, engineering, production and other designs, drawings, engineering notebooks, industrial models, mask works, semiconductor chip topographies, software and specifications and any other information meeting the definition of a trade secret under the Uniform Trade Secrets Act); (b) computer and electronic data processing programs and software, both source code and object code (including data and related documentation, flow charts, diagrams, descriptive texts and programs, computer print-outs, underlying tapes, computer databases and similar items), computer applications and operating programs; and (c) all copies and tangible embodiments of any or all of the foregoing (in whatever form or medium, including electronic media).

"Transaction Agreements" means, collectively, this Agreement and each Ancillary Agreement.

"Transition Agreement" means the Transition Services Agreement to be entered into among Conexant, Washington and Alpha prior to the Time of Distribution, among other things, providing for various service and other relationships between Conexant and Alpha following the Distribution Date.

"Unaudited Special Purpose Statement of Tangible Net Assets" shall have the meaning set forth in the Merger Agreement.

"U.S. Asset Purchase Agreement" shall have the meaning set forth in the Merger Agreement.

"Washington" shall have the meaning set forth in the preamble.

"Washington Assets" means the following:

(a) all rights of any member of the Washington Group under any Transaction Agreement to which it is or becomes a party;

(b) all Assets which are expressly allocated to any member of the Washington Group pursuant to any Ancillary Agreement, the Newbury Supply Agreement or the Newport Supply Agreement;

(c) the following specifically enumerated Assets which immediately prior to the Time of Distribution are owned by Conexant or any of its Subsidiaries (including members of the Washington Group), in each case whether or not such Assets are used in or relate to the Conexant Business or the Washington Business:

(i) the Washington Real Property (including the wafer fabrication and other manufacturing facilities located in Newbury Park, California set forth on Schedule 1.01(k) and the real property and fixtures associated therewith);

(ii) Machinery and Equipment set forth on Schedule 1.01(b); provided, however, that it is understood and agreed that it is the intent of the parties hereto that all Machinery and Equipment used exclusively in the Washington Business or exclusively by persons who are employed in the Washington Business at the Time of Distribution be Washington Assets, and any such Machinery and Equipment (other than Machinery and Equipment set forth on Schedule 1.01(f)) shall be a Washington Asset notwithstanding the fact that it has not been set forth, through inadvertence or otherwise, on Schedule 1.01(b);

(iii) the Washington Inventories;

(iv) the trademarks and trademark registrations and applications for registrations thereof and issued patents, patent applications and patent and invention disclosures (including any foreign counterparts) set forth on Schedule 1.01(c);

(v) other than as provided in Section 5.02, all rights in, and to the use of, the Philsar Marks;

(vi) rights to the extent relating to the Washington Business to receive indemnification from Rockwell pursuant to the Rockwell Distribution Agreement;

(vii) all Assets set forth in the Special Purpose Statement of Tangible Net Assets, other than those sold or otherwise disposed of in the ordinary course of business prior to the Time of Distribution consistent with the terms of the Merger Agreement;

(viii) except as otherwise specifically provided herein, all Assets of the kind that appear on the Special Purpose Statement of Tangible Net Assets as would appear on a balance sheet of Washington if prepared as of the Time of Distribution, including all reserves and accruals maintained by Conexant

(but excluding Assets described in clauses (b) and (c) of the definition of "Conexant Assets");

(ix) all Assets specified in writing by Conexant to Washington pursuant to Section 2.01(d)(ii), if and to the extent required by Section 2.01(d)(ii);

(x) the Washington Bluetooth RF Solution; and

(xi) all Washington Bank Accounts.

(d) the following Assets (other than those described in paragraphs (b) and (c) of the definition of "Conexant Assets") which immediately prior to the Time of Distribution are owned by Conexant or any of its Subsidiaries (including members of the Washington Group) and which are used primarily in or relate primarily to the Washington Business, as the same shall exist as of such time:

(i) Contracts (other than real property leases);

(ii) advances, performance and surety bonds, and interests as beneficiary under letters of credit and other similar instruments and all proceeds thereof;

(iii) Data and Records;

(iv) Permits;

(v) Trade Secrets;

(vi) credits, prepayments, prepaid expenses, deposits and retentions held by third parties;

(vii) claims, causes of action, choses in action, rights under express or implied warranties, guarantees and indemnities and similar rights, rights of recovery, rights of set-off, rights of subrogation and all other rights of any kind (including the right to receive mail and other communications) (other than, in each such case, those relating to the Conexant Assets described in clauses (b) or (c) of the definition thereof); and

(viii) goodwill, going concern value and other intangible assets not otherwise included in clauses (a) through (q) of the definition of "Assets"; and

(e) all rights, choses in action, causes of action and claims of Conexant or any of its Subsidiaries (including members of the Washington Group) to the extent relating to any asset described in clauses (a) through (d) above.

Anything contained herein to the contrary notwithstanding, assets described in paragraphs (b) and (c) of the definition of "Conexant Assets" will not be included in Washington Assets.

"Washington Bank Accounts" means all bank accounts set forth on Schedule 1.01(m).

"Washington Bluetooth RF Solution" means the Bluetooth RF solutions known internally at Conexant as "Blue RF", "Blue Q" and "ULV Blue RF", the ownership of which will be transferred to Washington at the Time of Distribution.

"Washington Board" means the Board of Directors of Washington.

"Washington Business" means (a) the business and operations engaged in prior to the Time of Distribution by the members of the Pre-Distribution Group (but with respect to each such member who has ceased to be an Affiliate of Conexant or its predecessors, only businesses engaged in prior to the time that such member of the Pre-Distribution Group ceased to be an Affiliate of Conexant or its predecessors) of researching, developing, designing, engineering, manufacturing, having manufactured, assembling, having assembled, selling, distributing, installing, modifying, repairing, servicing and supporting semiconductor products and systems, including components, subsystems and systems, for wireless voice and data communications applications, including digital cellular handsets and base stations, as well as advanced mobile terminals that support next-generation multimedia and high-speed web browsing, for communications electronics markets as conducted by Conexant's Wireless Communications Division, other than the Washington Data Business Unit, and activities related thereto, (b) Former Businesses related to any of the foregoing, including the Former Businesses set forth on Schedule 1.01(h) and (c) activities related to the foregoing. Notwithstanding anything contained herein to the contrary, the term "Washington Business" shall not include any of Conexant's Mindspeed Technologies or Broadband access businesses, the Washington Data Business Unit and activities related thereto.

"Washington Common Stock" shall have the meaning set forth in the recitals.

"Washington Data Business Unit" means the business and operations engaged in by Conexant's Wireless Communications Division prior to the Time of Distribution of researching, developing, designing, engineering, manufacturing, having manufactured, assembling, having assembled, selling, distributing, installing, modifying, repairing, servicing and supporting the PHS, DSS, standalone GPS and Bluetooth baseband hardware and software product lines and the Bluetooth baseband hardware and software development efforts and the support and development of Bluetooth radio frequency products associated with such Bluetooth baseband hardware and software.

"Washington Expenses" means the following out-of-pocket fees, costs and expenses of Conexant or any of its Subsidiaries (including members of the Washington Group), in each case, whether incurred and/or paid before, at or after the Time of Distribution and whether or not they constitute accounts payable:

(a) all out-of-pocket fees, costs and expenses incurred in connection with the Contribution, the Distribution and/or the Merger, including any and all:

(i) transfer taxes;

(ii) out-of-pocket fees, costs and expenses incurred in connection with any notices to customers or suppliers of the Washington Business or other third parties that are party to Contracts that constitute Washington Assets or relate to Washington Liabilities regarding the Contribution, the Distribution and/or the Merger;

(iii) out-of-pocket fees, costs and expenses incurred in connection with the transfer of any Permits from Conexant or any Conexant Subsidiary to Washington or any Washington Subsidiary or the obtaining of any new (or the re-issuance of any existing) Permits in the name of Washington or a Washington Subsidiary;

(iv) out-of-pocket fees, costs and expenses incurred in connection with the assignment or transfer of any Contracts, Patents and Trademarks or Trade Secrets from Conexant or any Conexant Subsidiary to Washington or any Washington Subsidiary, including legal fees, costs and expenses associated with such assignments or transfers;

(v) accounting, legal, investment banking and other outside consultants' fees, costs and expenses;

(vi) the Printing Expenses; and

(vii) out-of-pocket fees, costs and expenses in connection with the preparation, execution and delivery of the Transaction Agreements and the Reorganization Agreements;

provided, however, that Washington Expenses will not include (A) any such out-of-pocket fees, costs and expenses described in the definition of "Conexant Expenses" and (B) any such out-of-pocket fees, costs and expenses incurred in connection with any modification of or dispute with respect to the Transaction Agreements or the transactions contemplated thereby after the Distribution Date or any claim under Article IV;

(b) all out-of-pocket fees, costs and expenses relating to the Contribution, the Distribution and/or the Merger to the extent the same relate to operations of the Washington Business after the Time of Distribution; and

(c) the Capital Expenditures and the Washington License Fees.

The parties acknowledge and agree that Washington Expenses shall include, but are not limited to, (i) the amounts set forth on Schedule 2.04, (ii) the amounts actually

incurred by Conexant and its Subsidiaries (including members of the Washington Group) prior to the Time of Distribution set forth on Schedule 4.09 and (iii) any additional out-of-pocket fees, costs and expenses actually incurred in connection with the Contribution, the Distribution and/or the Merger (including but not limited to those forecast to be incurred that are actually incurred) of the type comprising the amounts included in the categories of expenses set forth on Schedule 4.09.

"Washington Financial Instruments" means those credit facilities, guaranties, foreign currency forward exchange contracts, comfort letters, letters of credit and similar instruments related to the Washington Business under which any member of the Conexant Group has any primary, secondary, contingent, joint, several or other Liability, after the Time of Distribution (a) set forth on Schedule 1.01(i) or (b) entered into between December 16, 2001 and the Time of Distribution in the ordinary course of business.

"Washington Group" means Washington and the Washington Subsidiaries.

"Washington Indemnitees" means each member of the Washington Group and each of their respective Representatives and Affiliates and each of the heirs, executors, successors and assigns of any of the foregoing.

"Washington Inventories" means the following Inventories of products of the Washington Business owned by Conexant and its Subsidiaries (including members of the Washington Group) immediately prior to the Time of Distribution:

(a) the following raw materials: (i) 100mm GaAs Combined Microwave Digital wafer substrates; (ii) 100mm GaAs epitaxial HBT wafer substrates; and (iii) assembly materials at Conexant's Mexicali assembly and test facility which are specific to the Washington Business;

(b) the following work-in-process:

(i) unprobed finished wafers at internal or external locations awaiting the probe process;

(ii) probed wafer finish inventories;

(iii) die bank inventories at internal or external locations awaiting assembly, packaging and test processes;

(iv) wafer fabrication and other work-in-process at Conexant's Newbury Park wafer fabrication facility; and

(v) work-in-process at Conexant's Mexicali assembly and test facility which are specific to the Washington Business; and

(c) finished goods.

"Washington Liabilities" means the following:

(a) all Liabilities of any member of the Washington Group under any Transaction Agreement to which it is or becomes a party (including Liabilities related to outstanding checks allocated to any member of the Washington Group under Section 2.04);

(b) all Liabilities for which any member of the Washington Group is expressly made responsible pursuant to any Ancillary Agreement, the Newbury Supply Agreement or the Newport Supply Agreement;

(c) the following specifically enumerated Liabilities of Conexant or any of its Subsidiaries (including members of the Washington Group), in each case whether or not such Liabilities relate to the Conexant Business, the Conexant Assets, the Washington Business or the Washington Assets:

(i) all Liabilities based upon, arising out of or relating to the Actions set forth on Schedule 1.01(j); and

(ii) all Liabilities to the extent set forth in the Special Purpose Statement of Tangible Net Assets, other than those satisfied in the ordinary course of business prior to the Time of Distribution; and

(d) all Liabilities (other than those described in paragraphs (b) and (c) of the definition of "Conexant Liabilities") of Conexant or any of its Subsidiaries (including members of the Washington Group) to the extent based upon, arising out of or relating to the Washington Assets or the Washington Business, including:

(i) all Liabilities (including Liabilities arising out of any breaches or violations) to the extent relating to the Washington Business based upon, arising out of or relating to Contracts (whether or not such Contracts constitute Washington Assets) (including any primary, secondary, contingent or other obligations, such as under guaranties or indemnities, in respect of such Contracts); and

(ii) all Liabilities to the extent relating to the Washington Assets or the Washington Business for which Conexant has agreed to indemnify Rockwell and certain other Persons pursuant to the Rockwell Distribution Agreement.

Anything contained herein to the contrary notwithstanding, Liabilities described in paragraphs (b) and (c) of the definition of "Conexant Liabilities" will not be included in Washington Liabilities.

"Washington License Fees" means all out-of pocket costs, fees and expenses incurred by Conexant in connection with Conexant's efforts to assist Washington in obtaining new license agreements or transferring a portion of existing Conexant License Agreements

pursuant to Section 5.04, including the portion of any pre-paid license, maintenance or other fees allocable to the Washington Business in respect of any existing Conexant License Agreement being transferred in part.

"Washington Outstanding Checks" shall have the meaning set forth in Section 2.04(c)(i).

"Washington Real Property" means the Real Property set forth on Schedule 1.01(k).

"Washington Spin-Off" shall have the meaning set forth in Section 5.03(a)(iii).

"Washington Subsidiary" means each Person listed on Schedule 1.01(l).

ARTICLE II

THE CONTRIBUTION

Section 2.01 Intercorporate Reorganization. (a) Prior to the Time of Distribution, Conexant and Washington will take all actions necessary to increase the outstanding shares of Washington Common Stock so that, immediately prior to the Distribution, Conexant will hold a number of shares of Washington Common Stock equal to the aggregate number of (i) shares of Conexant Common Stock and Conexant Series B Preferred Stock (excluding treasury shares held by Conexant) issued and outstanding as of the Record Date, (ii) Philsar Exchangeable Shares (excluding shares held by Conexant or any Conexant Subsidiary) issued and outstanding as of the Record Date and (iii) the Performance Plan Shares.

(b) Subject to Section 2.08, prior to the Time of Distribution:

(i) Conexant and each Conexant Subsidiary shall convey, assign and transfer, or cause to be conveyed, assigned and transferred, to Washington or a Washington Subsidiary, as appropriate, any and all right, title and interest of Conexant and each of the Conexant Subsidiaries in the Washington Subsidiaries;

(ii) Washington and each Washington Subsidiary shall convey, assign and transfer, or cause to be conveyed, assigned and transferred, to Conexant or a Conexant Subsidiary, as appropriate, any and all right, title and interest of Washington and each of the Washington Subsidiaries in the Conexant Subsidiaries;

(iii) Conexant and each Conexant Subsidiary shall convey, assign and transfer, or cause to be conveyed, assigned and transferred, to Washington or a Washington Subsidiary, as appropriate, any and all right, title and interest of Conexant and each of the Conexant Subsidiaries in the Washington Assets;

(iv) Washington and each Washington Subsidiary shall convey, assign and transfer, or cause to be conveyed, assigned and transferred, to Conexant or a Conexant Subsidiary, as appropriate, any and all right, title and interest of Washington and each of the Washington Subsidiaries in the Conexant Assets;

(v) Conexant or a Conexant Subsidiary, as appropriate, shall unconditionally assume and undertake to pay, perform and discharge, in a timely manner and in accordance with the terms thereof, all Conexant Liabilities; and

(vi) Washington or a Washington Subsidiary, as appropriate, shall unconditionally assume and undertake to pay, perform and discharge, in a timely manner and in accordance with the terms thereof, all Washington Liabilities.

In the event that at any time or from time to time (whether prior to, at or after the Time of Distribution) any member of the Conexant Group shall receive or otherwise possess any Washington Asset or interest in a Washington Subsidiary, such member will promptly convey, assign and transfer, or cause to be conveyed, assigned and transferred, such Washington Asset or interest in a Washington Subsidiary to Washington. In the event that at any time or from time to time (whether prior to, at or after the Time of Distribution) any member of the Washington Group shall receive or otherwise possess any Conexant Asset or interest in a Conexant Subsidiary, such member will promptly convey, assign and transfer, or cause to be conveyed, assigned and transferred, such Conexant Asset or interest in a Conexant Subsidiary to Conexant. Prior to any such transfer, the Person receiving or possessing such Asset or interest in a Subsidiary will hold such Asset or interest in a Subsidiary in trust for the benefit of the Person entitled thereto (at the expense of the Person entitled thereto).

Without limiting the foregoing, in the event that after the Time of Distribution (x) Conexant or any Conexant Subsidiary possesses product intellectual property, human resources or other data bases that are comprised in whole or in part of Information that constitutes Washington Assets, Conexant will, and will cause each Conexant Subsidiary to, afford Washington and its Representatives (at Washington's expense) reasonable access, during normal business hours and upon reasonable advance notice, to the portion of such data bases containing Information that constitutes Washington Assets in order to retrieve such Information and effect the transfer of such Information to Washington and (y) Washington or any Washington Subsidiary possesses product intellectual property, human resources or other data bases that are comprised in whole or in part of Information that constitutes Conexant Assets, Washington will, and will cause each Washington Subsidiary to, afford Conexant and its Representatives (at Conexant's expense) reasonable access, during normal business hours and upon reasonable advance notice, to the portion of such data bases containing Information that constitutes Conexant Assets in order to retrieve such Information and effect the transfer of such Information to Conexant.

In the event that at any time or from time to time (whether prior to, at or after the Time of Distribution) either Conexant or Washington determines that the other party (or any member of such other party's respective Group) shall not have unconditionally assumed any Liabilities that are allocated to such other party (or a member of such other party's

respective Group) pursuant to this Agreement or any Ancillary Agreement, such other party will promptly execute and deliver, or cause to be executed and delivered, all such documents and instruments and will take, or cause to be taken, all such actions as the requesting party may reasonably request to unconditionally assume, or cause to be unconditionally assumed, such Liabilities.

Solely for purposes of implementing the terms of this Agreement, during the period beginning on the date of this Agreement and ending six months after the Distribution Date, Conexant and Alpha agree to discuss the allocation of any Asset or Liability of Conexant and its Subsidiaries (including members of the Washington Group) that either of them reasonably believes should be or should have been allocated differently than pursuant to the terms of this Agreement (an "Asset/Liability Allocation Matter"). The Conexant Chief Executive Officer will designate an employee of the Conexant Business and the Alpha Chief Executive Officer will designate an employee of Alpha who will discuss an appropriate resolution of any Asset/Liability Allocation Matter. If within thirty days of the receipt of the notification of an Asset/Liability Allocation Matter by either Conexant or Alpha pursuant to this paragraph, or such other time as Conexant and Alpha may agree, the designees have not reached a mutually acceptable resolution of the Asset/Liability Allocation Matter, the matter will be referred for discussion to the Conexant Chief Executive Officer and the Alpha Chief Executive Officer. Should a mutually acceptable resolution of the Asset/Liability Allocation Matter not be reached within thirty days following the referral to them, the terms and conditions of this Agreement shall remain in full force and effect, unamended, unmodified and unsupplemented. Notwithstanding the foregoing, in no event shall the terms and conditions of this Agreement be amended, modified or supplemented other than in accordance with the provisions of Section 7.06. Nothing in this paragraph shall affect the right of any party to resort to the dispute resolution provisions of Section 7.05 in respect of any dispute, claim or controversy arising out of an alleged breach of any provision of this Agreement.

(c) In connection with the transfers of Subsidiaries and Assets and the assumptions of Liabilities contemplated by Section 2.01(b), Conexant and Washington will execute or cause to be executed by the appropriate entities the Conveyance and Assumption Instruments in a form reasonably acceptable to Conexant, Washington and Alpha. The transfer of capital stock contemplated by Section 2.01(b) will be effected, prior to the Time of Distribution, by means of delivery of stock certificates duly endorsed or accompanied by duly executed stock powers and notation on the stock record books of the corporation or other legal entities involved and, to the extent required by applicable law, by notation on appropriate registries.

(d) (i) Conexant hereby represents and warrants to Washington that after giving effect to the Contribution and the Distribution (but not considering any assets or rights held by Alpha or its Subsidiaries prior to the Effective Time and after taking into account any services to be provided to Alpha pursuant to the Transition Agreement, except for the matters set forth on Schedule 2.01(d), immediately after the Time of Distribution, the assets and rights held by the Washington Group will constitute all of the material assets and rights of Conexant and its Subsidiaries (including members of the Washington Group) immediately prior to the Time of Distribution that are necessary to conduct the Washington Business substantially as

conducted on December 16, 2001. The representation and warranty of Conexant set forth in this Section 2.01(d)(i) will survive the execution and delivery of this Agreement and the Distribution Date and will continue in full force and effect solely for purposes of Section 4.02(d) until six months after the Distribution Date and shall then terminate and expire.

(ii) Within five Business Days (as defined in the Merger Agreement) after the date of the initial filing of the Form S-4 with the SEC (as defined in the Merger Agreement), Conexant will cause to be delivered to Alpha the Audited Balance Sheet with the report of Deloitte & Touche LLP thereon. Conexant will provide Alpha with reasonable access to the relevant work papers used to prepare the Audited Balance Sheet and will consider in good faith any comments of Alpha thereon delivered to Conexant within 10 days after receipt of the Audited Balance Sheet. Within 20 days after Deloitte & Touche LLP has delivered its report on the Audited Balance Sheet, Conexant will prepare and deliver to Alpha the Special Purpose Statement of Tangible Net Assets. Conexant will provide Alpha with reasonable access to the relevant work papers used to prepare the Special Purpose Statement of Tangible Net Assets and will consider in good faith any comments of Alpha thereon delivered to Conexant within 10 days after receipt of the Special Purpose Statement of Tangible Net Assets. If and to the extent the total value of the tangible net assets set forth on the Unaudited Special Purpose Statement of Tangible Net Assets exceeds the total value of the tangible net assets set forth on the Special Purpose Statement of Tangible Net Assets (a "Net Asset Deficiency"), notwithstanding anything to the contrary set forth in this Agreement, Conexant will cause either (A) the Washington Assets to include such additional Assets (which shall be Cash, like kind Assets other than Cash that are usable in the Washington Business and reasonably acceptable to Alpha, or any combination thereof) as are specified by Conexant to Washington in writing or (B) the Washington Liabilities to exclude such Liabilities as are specified by Conexant to Washington in writing and reasonably acceptable to Alpha (which will be retained by Conexant and constitute Conexant Liabilities), or any combination of (A) and (B) as Conexant shall elect in its sole discretion, such that the sum of (x) the value of such Assets, if any, plus (y) the value of such Liabilities (expressed as a positive number), if any, shall equal the excess, if any, of the Net Asset Deficiency over One Million dollars ($1,000,000).

(iii) Each of Conexant (on behalf of itself and each other member of the Conexant Group) and Washington (on behalf of itself and each other member of the Washington Group) understands and agrees that, except as expressly set forth in any Transaction Agreement, no party to any Transaction Agreement or any other agreement or document contemplated by any Transaction Agreement either has or is, in such agreement or otherwise, representing or warranting in any way as to the Assets, Subsidiaries, businesses or Liabilities retained, conveyed, assigned, transferred or assumed as contemplated thereby, as to any consents or approvals required in connection with the transactions contemplated by the Transaction Agreements, as to the value or freedom from any Lien of, or any other matter concerning, any Assets, Liabilities or Subsidiaries of such party, or as to the absence of any defenses or rights of setoff or freedom from counterclaim with respect to any claim or other Assets or Subsidiaries of any party, or as to the legal sufficiency of any assignment, document or instrument delivered thereunder to convey title to any Asset or Subsidiary or thing of value

upon the execution, delivery or filing thereof. Except as may expressly be set forth in any Transaction Agreement, all Assets and Subsidiaries being transferred or retained as contemplated by any Transaction Agreement or any other agreement or document contemplated by any Transaction Agreement are being transferred, or are being retained, on an "as is", "where is" basis (and, in the case of the transfer of any real property, by means of a quitclaim or similar form deed or conveyance) and the respective transferees shall bear the economic and legal risks that any conveyance shall prove to be insufficient or that the title to any Asset or Subsidiary shall be other than good and marketable and free and clear of any Lien.

(e) It is the intention of the parties that payments made by the parties to each other after the Time of Distribution pursuant to this Agreement, the Employee Matters Agreement or the Tax Allocation Agreement are to be treated as relating back to the transactions occurring prior to the Time of Distribution pursuant to this Section 2.01 as an adjustment to the transfers of Assets, Subsidiaries and Liabilities contemplated by this Section 2.01, and Conexant and Washington will, and will cause the Conexant Subsidiaries and the Washington Subsidiaries, respectively, to, take positions consistent with such intention with any Tax authority, unless with respect to any payment any party receives an opinion of counsel reasonably acceptable to the other party to the effect that there is no substantial authority for such a position.

Section 2.02 Financial Instruments. (a) (i) Washington will, at its expense, take or cause to be taken all actions, and enter into (or cause the Washington Subsidiaries to enter into) such agreements and arrangements, as shall be necessary to effect the release of and substitution for each member of the Conexant Group, as of the Time of Distribution, from all primary, secondary, contingent, joint, several and other Liabilities in respect of Washington Financial Instruments (it being understood that all Liabilities in respect of Washington Financial Instruments are Washington Liabilities).

(ii) Washington's obligations under this Section 2.02(a) will continue to be applicable to all Washington Financial Instruments after the Time of Distribution.

(b) (i) Conexant will, at its expense, take or cause to be taken all actions, and enter into (or cause the Conexant Subsidiaries to enter into) such agreements and arrangements, as shall be necessary to effect the release of and substitution for each member of the Washington Group, as of the Time of Distribution, from all primary, secondary, contingent, joint, several and other Liabilities in respect of Conexant Financial Instruments (it being understood that all Liabilities in respect of Conexant Financial Instruments are Conexant Liabilities).

(ii) Conexant's obligations under this Section 2.02(b) will continue to be applicable to all Conexant Financial Instruments after the Time of Distribution.

Section 2.03 Intercompany Accounts and Arrangements.

(a) Elimination of Intercompany Accounts.

(i) Except as set forth in Section 2.03(a)(ii) or on Schedule 2.03(a), Conexant, on behalf of itself and each other member of the Conexant Group, on the one hand, and Washington, on behalf of itself and each other member of the Washington Group, on the other hand, hereby settle and eliminate, by cancellation or transfer to a member of the other Group (whether to cancel or transfer and the manner thereof will be determined by Conexant), effective as of the Time of Distribution, all intercompany receivables, payables and other balances existing immediately prior to the Time of Distribution between Conexant and/or any Conexant Subsidiary, on the one hand, and Washington and/or any Washington Subsidiary, on the other hand.

(ii) The provisions of Section 2.03(a)(i) will not apply to any intercompany receivables, payables and other balances arising under any Transaction Agreement, including those incurred in connection with the payment by any party of any expenses which are required to be paid or reimbursed by the other party pursuant to Section 4.09.

Section 2.04 Cash Management.

(a) Cash Management Operations.

(i) Effective as of the Time of Distribution, the cash management operations of the Washington Group will be segregated from the cash management operations of the Conexant Group (other than with respect to the Washington Bank Accounts in China and Mauritius which will be segregated as of the applicable Local Closing Time).

(ii) Washington will, and will cause the Washington Subsidiaries to, forward to Conexant (for the account of Conexant or the applicable Conexant Subsidiary) any customer payments in respect of Accounts Receivable to the extent they constitute Conexant Assets received by Washington or any of the Washington Subsidiaries after the Time of Distribution, whether received in lock boxes, via wire transfer or otherwise, by the first Business Day of the week after the week during which such payment is received. Such amounts will be forwarded by wire transfer (to Conexant's bank account at Bank One, N.A., Account No. 51-52283, A.B.A. Routing Number 071000013) in the case of customer payments received within sixty days after the Distribution Date and by check sent by reputable overnight courier service to Conexant in the case of customer payments received thereafter.

(b) Certain Payments after the Distribution Date.

Washington will pay to Conexant (by wire transfer to Conexant's bank account at Bank One, N.A., Account No. 51-52283, A.B.A. Routing Number 071000013), within three Business Days after the Distribution Date (1) the dollar value as of the Distribution Date

of the prepaid lease payments made by Conexant with respect to property occupied by Conexant Systems Korea Ltd. (referred to as the "Korea prepaid rent" under Item 4 - Balance Sheet Assets on Schedule 1.01(f)), (2) the Recorded Amount (except that the Recorded Amount in respect of the Washington Bank Accounts in China and Mauritius shall be paid to Conexant within three Business Days after the date such accounts are actually transferred to Washington), (3) the amount of all balances contained immediately prior to the Time of Distribution in petty cash accounts at locations of the Washington Business, (4) the dollar value of travelers checks immediately prior to the Time of Distribution at locations of the Washington Business, (4) the dollar value of all other cash immediately prior to the Time of Distribution at locations of the Washington Business, (6) the Printing Expenses set forth on Schedule 4.09 (if and to the extent previously paid) and (7) the Capital Expenditures and the Washington License Fees set forth on Schedule 2.04.

(c) Funding of Outstanding Checks.

(i) Washington or a Washington Subsidiary will fund all amounts in respect of all checks that are presented for payment at or after the applicable Local Closing Time in each of the Washington Bank Accounts (other than Washington Bank Accounts in China and Mauritius) and that were outstanding immediately prior to the applicable Local Closing Time ("Washington Outstanding Checks"). Within ten Business Days after Washington's request for reimbursement and presentation of the supporting documentation required by this Section 2.04(c)(i) reasonably satisfactory to Conexant, Conexant will reimburse Washington (by wire transfer to an account specified by Washington to Conexant) for all such amounts funded by Washington or a Washington Subsidiary in respect of such Washington Outstanding Checks that (x) were written in connection with a legitimate business purpose of the Washington Business and in the ordinary course of business prior to the applicable Local Closing Time and were not payments for Washington Expenses or (y) relate to Conexant Assets, Conexant Liabilities (including, without limitation, accounts payable accrued in the accounts payable account on the books of Conexant and its Subsidiaries (including members of the Washington Group) immediately prior to the Time of Distribution) or Conexant Expenses. In connection with any request for reimbursement for Washington Outstanding Checks pursuant to this Section 2.04(c)(i), Washington shall present Conexant with (A) copies of the cancelled Washington Outstanding Checks, together with copies of supporting invoices, and (B) with respect to Washington Outstanding Checks described in clause (x) of the immediately preceding sentence, a written representation that (1) the Washington Outstanding Checks were written in connection with a legitimate business purpose of the Washington Business and in the ordinary course of business prior to the applicable Local Closing Time and (2) the payment was not for a Washington Expense.

(ii) Conexant or a Conexant Subsidiary will fund all amounts in respect of all checks that are related to the Washington Business or the Washington Liabilities that are presented for payment prior to the applicable Local Closing Time in the Washington Bank Accounts in China and Mauritius and that were written between the Time of Distribution and such applicable Local Closing Time ("China/Mauritius

Outstanding Checks"). Within ten Business Days after Conexant's request for reimbursement and presentation of the supporting documentation required pursuant to this Section 2.04(c)(ii) reasonably satisfactory to Washington, Washington will reimburse Conexant (by wire transfer to the Conexant bank account specified in Section 2.04(b)) for all such amounts funded by Conexant or a Conexant Subsidiary in respect of such China/Mauritius Outstanding Checks. In connection with any request for reimbursement for China/Mauritius Outstanding Checks pursuant to this Section 2.04(c)(ii), Conexant shall present Washington with copies of the cancelled China/Mauritius Outstanding Checks, together with copies of supporting invoices. Washington or a Washington Subsidiary will fund (without any right to reimbursement) all amounts in respect of checks that are presented for payment at or after the applicable Local Closing Time in each of the Washington Bank Accounts in China and Mauritius.

(iii) Conexant or a Conexant Subsidiary will fund (without any right to reimbursement) all amounts in respect of checks relating to the Washington Business or the Washington Liabilities that are outstanding immediately prior to the Time of Distribution and presented for payment at or after the Time of Distribution in Conexant Bank Accounts; and

(iv) No checks or electronic fund transfers relating to the Washington Business or the Washington Liabilities will be issued on any Conexant Bank Accounts at or after the Time of Distribution.

Section 2.05 The Washington Board. Prior to the Time of Distribution, Washington and Conexant will take all actions which may be required to elect or otherwise appoint as directors of Washington the persons named on Schedule 2.05 to constitute the board of directors of Washington at the Time of Distribution.

Section 2.06 Resignations; Transfer of Stock Held as Nominee. (a) Conexant will cause all of its employees and directors and all of the employees and directors of each other member of the Conexant Group to resign, effective not later than the Time of Distribution, from all boards of directors or similar governing bodies of Washington or any other member of the Washington Group on which they serve, and from all positions as officers of Washington or any other member of the Washington Group in which they serve, except as otherwise specified on Schedule 2.06. Washington will cause all of its employees and directors and all of the employees and directors of each other member of the Washington Group to resign, effective not later than the Time of Distribution, from all boards of directors or similar governing bodies of Conexant or any other member of the Conexant Group on which they serve, and from all positions as officers of Conexant or any other member of the Conexant Group in which they serve, except as otherwise specified on Schedule 2.06.

(b) Conexant will cause each of its employees, and each of the employees of the other members of the Conexant Group, who holds stock or similar evidence of ownership of any Washington Group entity as nominee for such entity pursuant to the laws of the country in which such entity is located to transfer such stock or similar evidence of

ownership to the Person so designated by Washington to be such nominee as of and after the Time of Distribution. Washington will cause each of its employees, and each of the employees of the other members of the Washington Group, who holds stock or similar evidence of ownership of any Conexant Group entity as nominee for such entity pursuant to the laws of the country in which such entity is located to transfer such stock or similar evidence of ownership to the Person so designated by Conexant to be such nominee as of and after the Time of Distribution.

(c) Conexant will cause each of its employees and each of the employees of the other members of the Conexant Group to revoke or withdraw their express written authority, if any, to act on behalf of any Washington Group entity as an agent or representative therefor after the Time of Distribution. Washington will cause each of its employees and each of the employees of the other members of the Washington Group to revoke or withdraw their express written authority, if any, to act on behalf of any Conexant Group entity as an agent or representative therefor after the Time of Distribution.

Section 2.07 Washington Certificate of Incorporation and By-laws. Prior to the Time of Distribution, (a) the Washington Board will (i) approve the Certificate of Incorporation and will cause the same to be filed with the Secretary of State of the State of Delaware and (ii) adopt the By-laws, and (b) Conexant, as sole stockholder of Washington, will approve the Certificate of Incorporation.

Section 2.08 Consents. Prior to and after the Time of Distribution, Conexant and Washington will, and will cause the Conexant Subsidiaries and the Washington Subsidiaries, respectively, to, use their commercially reasonable efforts (as requested by the other party) to obtain, or to cause to be obtained, all Consents necessary for the transfer of all Assets, Subsidiaries and Liabilities contemplated to be transferred pursuant to this Article II; provided, however, that none of Conexant (or any of the Conexant Subsidiaries) or Washington (or any of the Washington Subsidiaries) shall be obligated to pay any consideration or offer or grant any financial accommodation in connection therewith. Anything contained herein to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign any Contract or Permit if an assignment or attempted assignment of the same without the Consent of any other party or parties thereto or other required Consent would constitute a breach thereof or of any applicable law or in any way impair the rights of any member of the Conexant Group or the Washington Group thereunder. If any such Consent is not obtained or if an attempted assignment would be ineffective or would impair any rights of either Group under any such Contract or Permit so that the contemplated assignee hereunder (the "Recipient Party") would not receive all such rights, then (x) the party contemplated hereunder to assign such Contract or Permit (the "Assigning Party") will use commercially reasonable efforts (it being understood that such efforts shall not include any requirement of the Assigning Party to pay any consideration or offer or grant any financial accommodation) to provide or cause to be provided to the Recipient Party the benefits of any such Contract or Permit and the Assigning Party will promptly pay or cause to be paid to the Recipient Party when received all moneys and properties received by the Assigning Party with respect to any such Contract or Permit and (y) to the extent that the Recipient Party receives the benefits of such Contract or Permit, the Recipient Party will pay,

perform and discharge on behalf of the Assigning Party all of the Assigning Party's Liabilities thereunder in a timely manner and in accordance with the terms thereof. If and when such Consents are obtained, the transfer of the applicable Contract or Permit shall be effected as promptly following the Time of Distribution as shall be practicable in accordance with the terms of this Agreement. To the extent that any transfers and assumptions contemplated by this Article II shall not have been consummated on or prior to the Time of Distribution, the parties shall cooperate to effect such transfers as promptly following the Time of Distribution as shall be practicable. Notwithstanding that any transfer of Washington Assets, including the Washington Real Property, to a member of the Washington Group contemplated by this Article II shall not have been consummated on or prior to the Time of Distribution, the Washington Group shall bear the risk of any Liability with respect to the Washington Assets, including the Washington Real Property (including any risk of loss thereof), from and after the Time of Distribution; provided, however, that the Washington Group shall only bear the Liability with respect to any such Washington Asset if and to the extent that the Washington Group enjoys the benefit of such Washington Asset.

## ARTICLE III

## THE DISTRIBUTION

Section 3.01 The Distribution. (a) Subject to Section 3.03, the Conexant Board will establish the Record Date and the Distribution Date and authorize Conexant to pay the Distribution immediately prior to the Effective Time by delivery to the Distribution Agent, for the benefit of holders of record of Conexant Common Stock and Conexant Series B Preferred Stock (excluding treasury shares held by Conexant) as of the Record Date, of a number of shares of Washington Common Stock equal to the aggregate number of shares of Conexant Common Stock and Conexant Series B Preferred Stock (excluding treasury shares held by Conexant) issued and outstanding as of the Record Date, and Conexant will instruct the Distribution Agent to make book-entry credits on the Distribution Date or as soon thereafter as practicable in the name of each holder of record of Conexant Common Stock and Conexant Series B Preferred Stock (excluding treasury shares held by Conexant) as of the Record Date for a number of shares of Washington Common Stock equal to the number of shares of Conexant Common Stock or Conexant Series B Preferred Stock so held by such holder of record as of the Record Date. The Distribution will be deemed to be effective as of the Time of Distribution upon written authorization from Conexant to the Distribution Agent to proceed as set forth in this Section 3.01(a).

(b) In addition, Conexant will instruct the Distribution Agent to make book-entry credits on the Distribution Date or as soon thereafter as practicable in the name of (i) each holder of record of Philsar Exchangeable Shares (excluding shares held by Conexant or any Conexant Subsidiary) as of the Record Date for a number of shares of Washington Common Stock equal to the number of shares of Philsar Exchangeable Shares so held by such holder of record as of the Record Date and (ii) Conexant for the Performance Plan Shares.

(c) Immediately after the Time of Distribution and prior to the Effective Time, the shares of Washington Common Stock shall not be transferable and the transfer agent for the Washington Common Stock shall not transfer any shares of Washington Common Stock, except that the Distribution Agent, on behalf of the holders of Washington Common Stock, may exchange such shares for shares of Alpha Common Stock as provided by Section 3.2 of the Merger Agreement in connection with the Merger.

(d) Conexant and Washington each will provide to the Distribution Agent all information (including information necessary to make appropriate book-entry credits) and share certificates, in each case, as may be required in order to (i) complete the Distribution on the basis of one share of Washington Common Stock for each share of Conexant Common Stock and Conexant Series B Preferred Stock (excluding treasury shares held by Conexant), (ii) record the holders of Philsar Exchangeable Shares (excluding shares held by Conexant or any Conexant Subsidiary) issued and outstanding as of the Record Date as holders of one share of Washington Common Stock for each Philsar Exchangeable Share and (iii) record Conexant as the holder of the Performance Plan Shares.

Section 3.02 Cooperation Prior to the Distribution. Prior to the Distribution:

(a) Conexant and Washington will prepare the Information Statement which will include appropriate disclosure concerning Washington, its business, operations and management, the Contribution, the Distribution and such other matters as Conexant and Washington may determine and as may be required by law. Conexant will mail to the holders of Conexant Common Stock and the Conexant Series B Preferred Stock the Information Statement prior to the Distribution.

(b) Conexant and Washington will take all such action as may be necessary or appropriate under the securities or "blue sky" laws of the states or other political subdivisions of the United States and the securities laws of any applicable foreign countries or other political subdivisions thereof in connection with the transactions contemplated by this Agreement.

Section 3.03 Conditions to the Distribution. In no event will the Distribution occur prior to such time as each of the following conditions shall have been satisfied or shall have been waived by the Conexant Board:

(a) the Conexant Board shall be reasonably satisfied that, after giving effect to the Contribution, (i) Conexant will not be insolvent and will not have unreasonably small capital with which to engage in its businesses and (ii) Conexant's surplus would be sufficient to permit, without violation of Section 170 of the Delaware General Corporation Law, the Distribution;

(b) no order, ruling, injunction or decree issued by any court of competent jurisdiction or other Governmental Entity or other legal restraint or prohibition preventing consummation of the Contribution or the Distribution shall be in effect;

(c) no suit, action or proceeding by or before any court of competent jurisdiction or other Governmental Entity shall have been commenced and be pending to restrain or challenge the Contribution or the Distribution; and

(d) each condition to the closing of the Merger Agreement set forth in Article VIII thereof, other than the condition set forth in Section 8.1(i) thereof as to the consummation of the Contribution and the Distribution, shall have been fulfilled or waived by the party for whose benefit such condition exists.

Subject to the terms and conditions of this Agreement, each party will use its reasonable best efforts to cause the conditions set forth in this Section 3.03 to be satisfied as promptly as reasonably practicable; provided that no party will be required to waive any condition.

Section 3.04 Waiver of Conditions. Any or all of the conditions set forth in Section 3.03 may be waived, in whole or in part, in the sole discretion of the Conexant Board. The conditions set forth in Section 3.03 are for the sole benefit of Conexant and shall not give rise to or create any duty on the part of Conexant or the Conexant Board to waive or not waive any such conditions.

Section 3.05 Disclosure. If at any time after December 16, 2001 either of the parties shall become aware of any circumstances that will or could reasonably be expected to prevent any or all of the conditions contained in Section 3.03 from being satisfied, it will promptly give to the other party written notice of those circumstances.

## ARTICLE IV

## MUTUAL RELEASE; INDEMNIFICATION; EXPENSES

Section 4.01 Mutual Release. Effective as of the Time of Distribution and except as otherwise specifically set forth in the Transaction Agreements, each of Conexant, on behalf of itself and each of the Conexant Subsidiaries, on the one hand, and Washington, on behalf of itself and each of the Washington Subsidiaries, on the other hand, hereby releases and forever discharges the other party and its Subsidiaries, and its and their respective officers, directors, agents, record and beneficial security holders (including trustees and beneficiaries of trusts holding such securities), advisors and Representatives (in each case, in their respective capacities as such) and their respective heirs, executors, administrators, successors and assigns, of and from all debts, demands, actions, causes of action, suits, accounts, covenants, contracts, agreements, damages, claims and Liabilities whatsoever of every name and nature, both in law and in equity, which the releasing party has or ever had or ever will have, which arise out of or relate to events, circumstances or actions taken by such other party occurring or failing to occur or any conditions existing at or prior to the Time of Distribution; provided, however, that the foregoing general release shall not apply to (i) any Liabilities or other obligations (including Liabilities with respect to payment, reimbursement, indemnification or contribution) under the Transaction Agreements or assumed, transferred,

assigned, allocated or arising under any of the Transaction Agreements (including any Liability that the parties may have with respect to payment, performance, reimbursement, indemnification or contribution pursuant to any Transaction Agreement for claims brought against the parties by third Persons or any Indemnitee), and the foregoing release will not affect any party's right to enforce the Transaction Agreements in accordance with their terms or (ii) any Liability the release of which would result in the release of any Person other than a Person released pursuant to this Section 4.01 (provided, that the parties agree not to bring suit or permit any of their Subsidiaries to bring suit against any member of the other Group with respect to any Liability to the extent such member of the other Group would be released with respect to such Liability by this Section 4.01 but for this clause (ii)).

Each of Conexant and Washington acknowledges that it has been advised by its legal counsel and is familiar with the provisions of California Civil Code Section 1542, which provides as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Being aware of said Code section, each of Conexant, on behalf of itself and the Conexant Subsidiaries, and Washington, on behalf of itself and the Washington Subsidiaries, hereby expressly waives any rights it may have under California Civil Code Section 1542, as well as any other statutes or common law principles of similar effect.

Section 4.02 Indemnification by Conexant. Subject to the provisions of this Article IV, Conexant shall indemnify, defend and hold harmless the Washington Indemnitees from and against, and pay or reimburse, as the case may be, the Washington Indemnitees for, all Indemnifiable Losses, as incurred, suffered by any Washington Indemnitee to the extent based upon, arising out of or relating to the following:

(a) the Conexant Liabilities (including the failure by Conexant or any other member of the Conexant Group to pay, perform or otherwise discharge the Conexant Liabilities in accordance with their terms), whether such Indemnifiable Losses are based upon, arise out of or relate to events, occurrences, actions, omissions, facts, circumstances or conditions occurring, existing or asserted before, at or after the Time of Distribution;

(b) the breach by any member of the Conexant Group of any agreement or covenant contained in a Transaction Agreement which does not by its express terms expire at the Time of Distribution;

(c) the use by members of the Conexant Group or their respective sublicensees of any intellectual property licensed by Washington and the Washington

Subsidiaries pursuant to Section 5.03 other than in accordance with the terms of such provision;

(d) the breach of the representation and warranty of Conexant contained in Section 2.01(d)(i); or

(e) the enforcement by the Washington Indemnitees of their rights to be indemnified, defended and held harmless under this Section 4.02.

Notwithstanding anything to the contrary contained herein, in the event it is determined that Conexant shall have breached its representation and warranty contained in Section 2.01(d)(i), Conexant shall have the right, in its sole discretion, to transfer any Asset to Washington necessary to cure such breach, in which event Conexant's indemnification obligation in respect of such breach shall be satisfied in full, except with respect to any Indemnifiable Losses arising from such breach during the period from the Time of Distribution to the time of such transfer.

Section 4.03 Indemnification by Washington. Subject to the provisions of this Article IV, Washington shall indemnify, defend and hold harmless the Conexant Indemnitees from and against, and pay or reimburse, as the case may be, the Conexant Indemnitees for, all Indemnifiable Losses, as incurred, suffered by any Conexant Indemnitee to the extent based upon, arising out of or relating to the following:

(a) the Washington Liabilities (including the failure by Washington or any other member of the Washington Group to pay, perform or otherwise discharge the Washington Liabilities in accordance with their terms), whether such Indemnifiable Losses are based upon, arise out of or relate to events, occurrences, actions, omissions, facts, circumstances or conditions occurring, existing or asserted before, at or after the Time of Distribution;

(b) the breach by any member of the Washington Group of any agreement or covenant contained in a Transaction Agreement which does not by its express terms expire at the Time of Distribution;

(c) the use by members of the Washington Group (or, in the case of intellectual property licensed by Conexant and the Conexant Subsidiaries pursuant to Section 5.03, members of the Washington Group or their respective sublicensees) of any names, trademarks, trade names, domain names, service marks or corporate symbols or logos pursuant to Section 5.02 or intellectual property licensed by Conexant and the Conexant Subsidiaries pursuant to Section 5.03 other than in accordance with the terms of such provisions; or

(d) the enforcement by the Conexant Indemnitees of their rights to be indemnified, defended and held harmless under this Section 4.03.

Section 4.04 Limitations on Indemnification Obligations. (a) The amount which any party (an "Indemnifying Party") is or may be required to pay to an Indemnitee in

respect of Indemnifiable Losses or other Liability for which indemnification is provided under this Agreement shall be reduced by any amounts actually received (including Insurance Proceeds actually received) by or on behalf of such Indemnitee (net of increased insurance premiums and charges to the extent related to Indemnifiable Losses and costs and expenses (including reasonable legal fees and expenses) incurred by such Indemnitee in connection with seeking to collect and collecting such amounts) in respect of such Indemnifiable Losses or other Liability (such net amounts are referred to herein as "Indemnity Reduction Amounts"). If any Indemnitee receives any Indemnity Reduction Amounts in respect of an Indemnifiable Loss for which indemnification is provided under this Agreement after the full amount of such Indemnifiable Loss has been paid by an Indemnifying Party or after an Indemnifying Party has made a partial payment of such Indemnifiable Loss and such Indemnity Reduction Amounts exceed the remaining unpaid balance of such Indemnifiable Loss, then the Indemnitee shall promptly remit to the Indemnifying Party an amount equal to the excess (if any) of (A) the amount theretofore paid by the Indemnifying Party in respect of such Indemnifiable Loss, less (B) the amount of the indemnity payment that would have been due if such Indemnity Reduction Amounts in respect thereof had been received before the indemnity payment was made.

(b) In determining the amount of any Indemnifiable Losses, such amount shall be (i) reduced to take into account any net Tax benefit realized by the Indemnitee arising from the incurrence or payment by the Indemnitee of such Indemnifiable Losses and (ii) increased to take into account any net Tax cost incurred by the Indemnitee as a result of the receipt or accrual of payments hereunder (grossed-up for such increase), in each case determined by treating the Indemnitee as recognizing all other items of income, gain, loss, deduction or credit before recognizing any item arising from such Indemnifiable Losses. In determining the amount of any such Tax benefit or Tax cost, the Washington Indemnitees or the California Indemnitees, as applicable, shall be deemed to be subject to Tax as follows: (A) U.S. federal income Taxes and foreign income Taxes at the maximum statutory rate then in effect and (B) U.S. state and local income Taxes at an assumed rate of five percent net of U.S. federal income Tax benefits. It is the intention of the parties to this Agreement that indemnity payments made pursuant to this Agreement are to be treated as relating back to the Distribution as an adjustment to capital (i.e., capital contribution or distribution), and the parties shall not take any position inconsistent with such intention before any Tax Authority (as defined in the Tax Allocation Agreement), except to the extent that a final determination (as defined in Section 1313 of the Code) with respect to the recipient party causes any such payment not to be so treated.

(c) No monetary amount will be payable by Conexant to any Washington Indemnitee with respect to the indemnification of any claims pursuant to Section 4.02(d) until the aggregate amount of Indemnifiable Losses actually incurred by the Washington Indemnitees with respect to such claims shall exceed on a cumulative basis an amount equal to One Million Five Hundred Thousand dollars ($1,500,000), in which event Conexant shall be responsible only for the amount of such Indemnifiable Losses in excess of One Million Five Hundred Thousand dollars ($1,500,000).

(d) No monetary amount will be payable by Conexant to any Washington Indemnitee with respect to the indemnification of any claims pursuant to Section 4.02(d) after the aggregate amount of Indemnifiable Losses actually paid by Conexant with respect to such claims shall equal on a cumulative basis an amount equal to Fifteen Million dollars ($15,000,000).

Section 4.05 Procedures Relating to Indemnification. (a) If a claim or demand is made against an Indemnitee, or an Indemnitee shall otherwise learn of an assertion, by any Person who is not a party to this Agreement (or an Affiliate thereof) as to which an Indemnifying Party may be obligated to provide indemnification pursuant to this Agreement (a "Third Party Claim"), such Indemnitee will notify the Indemnifying Party in writing, and in reasonable detail, of the Third Party Claim reasonably promptly after becoming aware of such Third Party Claim; provided, however, that failure to give such notification will not affect the indemnification provided hereunder except to the extent the Indemnifying Party shall have been actually prejudiced as a result of such failure. Thereafter, the Indemnitee will deliver to the Indemnifying Party, promptly after the Indemnitee's receipt thereof, copies of all material notices and documents (including court papers) received or transmitted by the Indemnitee relating to the Third Party Claim.

(b) If a Third Party Claim is made against an Indemnitee, the Indemnifying Party will be entitled to participate in or to assume the defense thereof (in either case, at the expense of the Indemnifying Party) with counsel selected by the Indemnifying Party and reasonably satisfactory to the Indemnitee. Should the Indemnifying Party so elect to assume the defense of a Third Party Claim, the Indemnifying Party will not be liable to the Indemnitee for any legal or other expenses subsequently incurred by the Indemnitee in connection with the defense thereof; provided, that if in the Indemnitee's reasonable judgment a conflict of interest exists in respect of such claim or if the Indemnifying Party shall have assumed responsibility for such claim with any reservations or exceptions, such Indemnitee will have the right to employ separate counsel reasonably satisfactory to the Indemnifying Party to represent such Indemnitee and in that event the reasonable fees and expenses of such separate counsel (but not more than one separate counsel for all Indemnitees similarly situated) shall be paid by such Indemnifying Party. If the Indemnifying Party assumes the defense of any Third Party Claim, the Indemnitee will have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Indemnifying Party, it being understood that the Indemnifying Party will control such defense. The Indemnifying Party will be liable for the fees and expenses of counsel employed by the Indemnitee for any period during which the Indemnifying Party has failed to assume the defense thereof. If the Indemnifying Party assumes the defense of any Third Party Claim, the Indemnifying Party will promptly supply to the Indemnitee copies of all material correspondence and documents relating to or in connection with such Third Party Claim and keep the Indemnitee fully informed of all material developments relating to or in connection with such Third Party Claim (including providing to the Indemnitee on request updates and summaries as to the status thereof). If the Indemnifying Party chooses to defend a Third Party Claim, the parties hereto will cooperate in the defense thereof (such cooperation to be at the expense, including reasonable legal fees and expenses, of the Indemnifying Party), which cooperation shall include the retention in accordance with this Agreement and (upon

the Indemnifying Party's request) the provision to the Indemnifying Party of records and information which are reasonably relevant to such Third Party Claim, and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

(c) No Indemnifying Party will consent to any settlement, compromise or discharge (including the consent to entry of any judgment) of any Third Party Claim without the Indemnitee's prior written consent (which consent will not be unreasonably withheld); provided, that if the Indemnifying Party assumes the defense of any Third Party Claim, the Indemnitee will agree to any settlement, compromise or discharge of such Third Party Claim which the Indemnifying Party may recommend and which by its terms obligates the Indemnifying Party to pay the full amount of Indemnifiable Losses in connection with such Third Party Claim and unconditionally and irrevocably releases the Indemnitee and its Affiliates completely from all Liability in connection with such Third Party Claim; provided, however, that the Indemnitee may refuse to agree to any such settlement, compromise or discharge (x) that provides for injunctive or other nonmonetary relief affecting the Indemnitee or any of its Affiliates or (y) that, in the reasonable opinion of the Indemnitee, would otherwise materially adversely affect the Indemnitee or any of its Affiliates. Whether or not the Indemnifying Party shall have assumed the defense of a Third Party Claim, the Indemnitee will not (unless required by law) admit any liability with respect to, or settle, compromise or discharge, such Third Party Claim without the Indemnifying Party's prior written consent (which consent will not be unreasonably withheld).

(d) Any claim on account of Indemnifiable Losses which does not involve a Third Party Claim will be asserted by reasonably prompt written notice given by the Indemnitee to the Indemnifying Party from whom such indemnification is sought. The failure by any Indemnitee so to notify the Indemnifying Party will not relieve the Indemnifying Party from any liability which it may have to such Indemnitee under this Agreement, except to the extent that the Indemnifying Party shall have been actually prejudiced by such failure.

(e) In the event of payment in full by an Indemnifying Party to any Indemnitee in connection with any Third Party Claim, such Indemnifying Party will be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right or claim relating to such Third Party Claim against any claimant or plaintiff asserting such Third Party Claim or against any other Person. Such Indemnitee will cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right or claim.

Section 4.06 Remedies Cumulative. Subject to the provisions of Section 7.05, the remedies provided in this Article IV shall be cumulative and shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party, except that the indemnity contained in Section 4.02(d) shall be the sole and exclusive remedy of the parties hereto, their Affiliates, successors and assigns with respect to any and all claims arising out of or relating to the breach of the representation and warranty of Conexant contained in Section 2.01(d)(i).

Section 4.07 Survival of Indemnities. Except as set forth in the following sentence, the obligations of each of Conexant and Washington under this Article IV will not terminate at any time and will survive the sale or other transfer by any party of any assets or businesses or the assignment by any party of any Liabilities. Notwithstanding anything to the contrary contained herein, the obligation of Conexant to indemnify, defend and hold harmless the Washington Indemnitees pursuant to Section 4.02(d) will terminate upon the expiration of the representation and warranty set forth in Section 2.01(d)(i); provided, however, that such obligation to indemnify, defend and hold harmless will not terminate with respect to any individual claim as to which an Indemnitee shall have, before such expiration of such representation and warranty, previously delivered a notice (stating in reasonable detail the basis of such claim) to Conexant.

Section 4.08 Exclusivity of Tax Allocation Agreement. Notwithstanding anything in this Agreement to the contrary, the Tax Allocation Agreement will be the exclusive agreement among the parties with respect to all Tax matters, including indemnification in respect of Tax matters.

Section 4.09 Expenses. g) Except as otherwise set forth in any Transaction Agreement, (i) all Conexant Expenses will be charged to and paid by Conexant and (ii) all Washington Expenses will be charged to and paid by Washington.

(b) Subject to Section 2.04 with respect to the Capital Expenditures and the Washington License Fees set forth on Schedule 2.04 and the Printing Expenses, within twenty Business Days after the Distribution Date, Washington will reimburse Conexant (by wire transfer to Conexant's bank account at Bank One, N.A., Account No. 51-52283, A.B.A. Routing Number 071000013) for all amounts in respect of Washington Expenses paid by Conexant or any of its Subsidiaries (including members of the Washington Group) before or at the Time of Distribution (including Washington Expenses that would otherwise constitute accounts payable); provided that, within ten Business Days after the Distribution Date, Conexant has notified Washington in writing of such Washington Expenses and provided Washington with appropriate supporting documentation for such Washington Expenses. Promptly (and in any event within 10 Business Days) after Conexant's request therefor and upon production to Washington of appropriate supporting documentation, Washington will reimburse Conexant (by wire transfer to the same bank account referred to in the preceding sentence) for all Washington Expenses paid by Conexant or any of its Subsidiaries before, at or after the Time of Distribution (including Washington Expenses that would otherwise constitute accounts payable), other than as previously reimbursed by Washington pursuant to the preceding sentence. The parties acknowledge and agree that the amounts actually incurred by Conexant and its Subsidiaries (including members of the Washington Group) prior to the Time of Distribution set forth on Schedule 4.09 and any additional amounts (including but not limited to those forecast to be incurred that are actually incurred) included in the categories of such expenses set forth on Schedule 4.09 shall constitute Washington Expenses that will be reimbursed by Washington pursuant to this Section 4.09. Notwithstanding anything to the contrary in this Agreement, Washington shall in no event be obligated to pay, and Conexant shall in no event be entitled to receive, reimbursement pursuant to this Section 4.09 for any amount in respect of Washington Expenses for which

payment was made by a Washington Outstanding Check that was not reimbursed by Conexant pursuant to Section 2.04(c)(i).

Section 4.10 Effect of Investigation. The right to indemnification pursuant to Section 4.02(d) shall not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement or the Distribution Date, with respect to the representation and warranty contained in Section 2.01(d)(i).

## ARTICLE V

## CERTAIN OTHER MATTERS

Section 5.01 Insurance.

(a) Coverage. Subject to the provisions of this Section 5.01, coverage of Washington and the Washington Subsidiaries under all Policies shall cease as of the Time of Distribution. From and after the Time of Distribution, Washington and the Washington Subsidiaries will be responsible for obtaining and maintaining all insurance coverages in their own right. All Policies will constitute Conexant Assets and will be retained by Conexant and the Conexant Subsidiaries, together with all rights, benefits and privileges thereunder (including the right to receive any and all return premiums with respect thereto), except that Washington will have the rights in respect of Policies to the extent described in Section 5.01(b).

(b) Rights Under Policies. From and after the Time of Distribution, Washington and the Washington Subsidiaries will have no rights with respect to any Policies, except that (i) Washington will have the right to assert claims (and Conexant will use commercially reasonable efforts to assist Washington in asserting claims) for any loss, liability or damage with respect to the Washington Assets or Washington Liabilities under Policies with third-party insurers which are "occurrence basis" insurance policies ("Occurrence Basis Policies") arising out of insured incidents occurring from the date coverage thereunder first commenced until the Time of Distribution to the extent that the terms and conditions of any such Occurrence Basis Policies and agreements relating thereto so allow and (ii) Washington will have the right to continue to prosecute claims with respect to Washington Assets or Washington Liabilities properly asserted with an insurer prior to the Time of Distribution (and Conexant will use commercially reasonable efforts to assist Washington in connection therewith) under Policies with third-party insurers which are insurance policies written on a "claims made" basis ("Claims Made Policies") arising out of insured incidents occurring from the date coverage thereunder first commenced until the Time of Distribution to the extent that the terms and conditions of any such Claims Made Policies and agreements relating thereto so allow, provided, that in the case of both clauses (i) and (ii) above, (A) all of Conexant's and each Conexant Subsidiary's reasonable out-of-pocket costs and expenses incurred in connection with the foregoing are promptly paid by Washington, (B) Conexant and the Conexant Subsidiaries may, at any time, without liability or obligation

to Washington or any Washington Subsidiary (other than as set forth in Section 5.01(c)), amend, commute, terminate, buy-out, extinguish liability under or otherwise modify any Occurrence Basis Policies or Claims Made Policies (and such claims shall be subject to any such amendments, commutations, terminations, buy-outs, extinguishments and modifications), (C) such claims will be subject to (and recovery thereon will be reduced by the amount of) any applicable deductibles, retentions or self-insurance provisions, (D) such claims will be subject to (and recovery thereon will be reduced by the amount of) any payment or reimbursement obligations of Conexant, any Conexant Subsidiary or any Affiliate of Conexant or any Conexant Subsidiary in respect thereof and (E) such claims will be subject to exhaustion of existing aggregate limits. Conexant's obligation to use commercially reasonable efforts to assist Washington in asserting claims under applicable Policies will include using commercially reasonable efforts in assisting Washington to establish its right to coverage under such Policies (so long as all of Conexant's reasonable out-of-pocket costs and expenses in connection therewith are promptly paid by Washington). None of Conexant or the Conexant Subsidiaries will bear any Liability for the failure of an insurer to pay any claim under any Policy. It is understood that any Claims Made Policies will not provide any coverage to Washington and the Washington Subsidiaries for incidents occurring prior to the Time of Distribution but which are asserted with the insurance carrier after the Time of Distribution.

(c) Conexant Actions. In the event that after the Time of Distribution Conexant or any Conexant Subsidiary proposes to amend, commute, terminate, buy-out, extinguish liability under or otherwise modify any Policies under which Washington has rights to assert claims pursuant to Section 5.01(b) in a manner that would adversely affect any such rights of Washington, (i) Conexant will give Washington prior notice thereof and consult with Washington with respect to such action (it being understood that the decision to take any such action will be in the sole discretion of Conexant) and (ii) Conexant will pay to Washington its equitable share (which shall be determined by Conexant in good faith based on the amount of premiums paid by or allocated to the Washington Business in respect of the applicable Policy) of any net proceeds actually received by Conexant from the insurer under the applicable Policy as a result of such action by Conexant (after deducting Conexant's reasonable costs and expenses incurred in connection with such action).

(d) Administration. From and after the Time of Distribution:

(i) Conexant or a Conexant Subsidiary, as appropriate, will be responsible for the Claims Administration with respect to claims of Conexant and the Conexant Subsidiaries under Policies; and

(ii) Washington or a Washington Subsidiary, as appropriate, will be responsible for the Claims Administration with respect to claims of Washington and the Washington Subsidiaries under Policies.

(e) Insurance Premiums. From and after the Time of Distribution, Conexant will pay all premiums (retrospectively-rated or otherwise) as required under the terms and conditions of the respective Policies in respect of periods prior to the Time of

Distribution, whereupon Washington will upon the request of Conexant, forthwith reimburse Conexant for that portion of such premiums paid by Conexant as are reasonably determined by Conexant to be attributable to the Washington Business.

(f) Agreement for Waiver of Conflict and Shared Defense. In the event that a Policy provides coverage for both Conexant and/or a Conexant Subsidiary, on the one hand, and Washington and/or a Washington Subsidiary, on the other hand, relating to the same occurrence, Conexant and Washington agree to defend jointly and to waive any conflict of interest necessary to the conduct of that joint defense. Nothing in this Section 5.01(f) will be construed to limit or otherwise alter in any way the indemnity obligations of the parties to this Agreement, including those created by this Agreement, by operation of law or otherwise.

(g) Settlement Claim. Any amounts recovered by Conexant or any of its Subsidiaries (including members of the Washington Group) under Policies providing coverage in respect of the Settlement Claim shall be first paid to Conexant until Conexant has recovered the full amount paid by Conexant to the customer and thereafter the excess amounts, if any, shall be paid to Washington.

Section 5.02 Use of Names, Trademarks, etc. (a) From and after the Time of Distribution, subject to Section 5.02(b), Conexant will own all rights of Conexant or any of its Subsidiaries (including members of the Washington Group) in, and to the use of, the Conexant Marks. Prior to or promptly after the Time of Distribution (but in no event later than 90 days after the Time of Distribution in the case of United States Persons and 180 days after the Time of Distribution in the case of non-United States Persons), Washington will change the name of any Washington Subsidiary or other Person under its control to eliminate therefrom the names "Conexant", "Conexant Systems" and "Conexant Systems, Inc." and all derivatives thereof.

(b) From and after the Time of Distribution, except as permitted in this Section 5.02(b), the Washington Group will not use or have any rights to the Conexant Marks or any name, mark or symbol confusingly similar thereto, or any special script, type font, form, style, logo, design, device, trade dress or symbol which contains, represents or evokes the Conexant Marks or any name or mark confusingly similar thereto. From and after the Time of Distribution, the Washington Group will not hold itself out as having any affiliation with the Conexant Group. However, Conexant hereby grants to Washington a non-exclusive, non-transferable (other than by way of sublicenses to members of the Washington Group) license to utilize without obligation to pay royalties to Conexant the names, trademarks, trade names and service marks "Conexant", "Conexant Systems" and "Conexant Systems, Inc." and any corporate symbol or logo related thereto in connection with stationery, supplies, labels, catalogs, vehicles, signs, packaging and products of the Washington Business, but only as described in paragraphs (i) through (vi) of this Section 5.02(b), subject to the terms and conditions of this Section 5.02(b) and Section 5.02(c), in each case in the same manner and to the same extent as such names, trademarks, trade names, service marks, corporate symbols or logos were used by the Washington Business at any time within the two year period preceding the Time of Distribution:

(i) All documents constituting Washington Assets as of the Time of Distribution within the following categories may be used for the duration of the periods following the Time of Distribution indicated below or until the supply is exhausted, whichever is the first to occur:

| Category of Documents | Maximum Period of Permitted Use Following the Time of Distribution |
|---|---|
| A. Stationery | 3 months |
| B. Invoices, purchase orders, debit and credit memos and other similar documents of a transactional nature | 3 months |
| C. Business cards | 3 months |
| D. Other outside forms such as packing lists, labels, packing materials and cartons, etc. | 6 months |
| E. Forms for internal use only | 6 months |
| F. Product literature | 6 months; |

provided, however, that Washington will cause each document within any of the above categories A, B or F used for any purpose within the stated period to clearly and prominently display a statement, the form of which is approved by Conexant, to the effect that the Washington Group was formerly affiliated with Conexant.

(ii) All vehicles constituting Washington Assets as of the Time of Distribution may continue to be used without re-marking (except as to legally required permit numbers, license numbers, etc.) for a period not to exceed three months following the Time of Distribution or the date of disposition of the vehicle, whichever is the first to occur. Washington will cause all markings on such vehicles to be removed or permanently obscured prior to the disposition of such vehicles.

(iii) Within three months following the Time of Distribution, Washington will remove or cause to be removed from display all signs and displays which contain the Conexant Marks.

(iv) Products of the Washington Business may have applied thereto the names, trademarks, trade names or service marks "Conexant", "Conexant Systems" or "Conexant Systems, Inc." or any Conexant corporate symbol or logo related thereto for a period of three months after the Time of Distribution.

(v) Products of the Washington Business in finished goods inventory and work in process (to the extent the same bear the name, trademark, trade name or service mark "Conexant", "Conexant Systems" or "Conexant Systems, Inc." or any Conexant corporate symbol or logo related thereto as of the Time of Distribution or have any such name, trademark, trade name, service mark, corporate symbol or logo applied to them in accordance with paragraph (iv) above) may be disposed of without re-marking.

(vi) All documents of the Washington Business of the type described in paragraph (i) above and displays and signs of the Washington Business may, for a period not to exceed one year after the Distribution Date (or such longer period as shall be approved by Conexant), contain the statement "A Heritage of Conexant Technology" (or other similar phrase, the form of which is approved by Conexant) in conjunction with the name of Washington or any Subsidiary thereof so long as such statement is of a type no more prominent than such name of Washington or such Subsidiary thereof.

(c) (i) Apart from the rights granted under Section 5.02(b), no member of the Washington Group shall have any right, title or interest in or to the use of the Conexant Marks, either alone or in combination with any other word, name, symbol, device, trademarks, or any combination thereof. Anything contained herein to the contrary notwithstanding, except as expressly permitted by Section 5.02(b), in no event will any member of the Washington Group utilize the Conexant Marks as a component of a company or trade name. Washington will not, and will cause each other member of the Washington Group not to, challenge or contest the validity of the Conexant Marks, the registration thereof or the ownership thereof by the Conexant Group. Washington will not, and will cause each other member of the Washington Group not to, apply anywhere at any time for any registration as owner or exclusive licensee of the Conexant Marks. If, notwithstanding the foregoing, any member of the Washington Group develops, adopts or acquires, directly or indirectly, any right, title or interest in, or to the use of, any Conexant Marks in any jurisdiction, or any goodwill incident thereto, Washington will, upon the request of Conexant, and for a nominal consideration of one dollar, assign or cause to be assigned to Conexant or any designee of Conexant, all right, title and interest in, and to the use of, such Conexant Marks in any and all jurisdictions, together with any goodwill incident thereto.

(ii) If the laws of any country require that any mark subject to Section 5.02(b) or the right of any member of the Washington Group to use any mark as permitted by Section 5.02(b) be registered in order to fully protect the Conexant Group, Conexant and Washington will cooperate in constituting such member of the Washington Group as a registered user (or its equivalent) in each of the countries in which such registration is necessary. If any such laws of any country require that any such mark or the use by any member of the Washington Group of any such mark be registered prior to use in order to protect fully the Conexant Group, the license granted pursuant to Section 5.02(b) will not extend to such country until such registration has been effected to the reasonable satisfaction of Conexant. Any expenses for registering such mark or constituting such member of the Washington Group as a registered user in any country shall be borne by

Washington. Any registration of such member of the Washington Group as a registered user of any mark hereunder shall be expunged on termination of the period of permitted use under this Agreement or upon a breach or threatened breach by any member of the Washington Group of the terms of this Section 5.02 and Washington will, upon request of Conexant, take all necessary steps to cause such registration to be so expunged upon such termination or breach or threatened breach. In addition, Washington hereby constitutes and appoints Conexant the true and lawful attorney of Washington, with full power of substitution, in the name and on behalf of Washington (and at the cost of Washington) to take all necessary steps to cause such registration to be so expunged upon such termination or breach or threatened breach.

(iii) Washington will cause each member of the Washington Group to comply with the provisions of this Section 5.02. Nothing in this Section 5.02 will prevent any member of the Conexant Group from enforcing the provisions of this Section 5.02 against any member of the Washington Group.

(iv) Conexant will have the right to terminate the license granted in Section 5.02(b) upon 30 days written notice to Washington for any material failure by any member of the Washington Group to observe the terms of Section 5.02(b) or this Section 5.02(c), provided that such failure is not remedied (where commercially feasible) prior to the effectiveness of the termination.

(d) From and after the Time of Distribution, Washington will own all rights of Conexant or any of its Subsidiaries (including members of the Washington Group) in, and to the use of, the trademarks "Philsar" and "Philsar Semiconductor" (the "Philsar Marks"). The provisions of Sections 5.02(a), (b) and (c) shall be applicable to Conexant, Washington and the Philsar Marks mutatis mutandis by substituting references to Conexant, the Conexant Marks, the Conexant Group, Washington and the Washington Group with references to Washington, the Philsar Marks, the Washington Group, Conexant and the Conexant Group, respectively.

Section 5.03 License of Intellectual Property.

(a) License of Conexant Intellectual Property to Washington.

(i) Subject to Sections 5.03(a)(iv) and 5.03(d), effective as of the Time of Distribution, Conexant, on behalf of itself and the Conexant Subsidiaries, hereby grants to the Washington Group a non-exclusive, world-wide, irrevocable, royalty-free license, without the right to assign or grant sublicenses, except as provided in Sections 5.03(a)(ii) and (iii), under all Patents and Trademarks, Trade Secrets and other intellectual property rights existing as of the Time of Distribution (collectively, "Intellectual Property") that constitute Conexant Assets (excluding trademarks, trade names, domain names, service marks, trade dress and any other form of trade identity) that the Conexant Group has a right to license without the payment of royalties to a third party, (A) with respect to any copyrighted work included in such Intellectual Property, to reproduce, display, distribute and prepare derivative works of such copyrighted work; and (B) to make, have made (including by third-party contract

manufacturers), use, sell, offer for sale, import, or otherwise dispose of products in the conduct of the Washington Business as it is being conducted immediately prior to the Time of Distribution and any related extensions or expansions thereof, and to practice any process involved in the use or manufacture thereof; provided, that in connection with the Merger, this license will also extend to products in the conduct of Alpha's business as it is being conducted immediately prior to the Effective Time and any related extensions or expansions thereof.

(ii) The license granted under Section 5.03(a)(i) is non-assignable and non-transferable (in insolvency proceedings, by reason of corporate merger, by acquisition or other change of control or otherwise) by the Washington Group, except that a one-time assignment may be made to Alpha and its Subsidiaries in connection with the Merger.

(iii) The license granted under Section 5.03(a)(i) does not include the right to grant sublicenses, except that the Washington Group (or, following the Effective Time, Alpha and its Subsidiaries) may grant a sublicense (within the scope of such license) to any entity or business that is a spin-off or other similar divestiture of all or any part of the Washington Group's businesses (or, following the Effective Time, the Combined Company's businesses) (a "Washington Spin-Off") and to any subsequent entity or business that is a spin-off or other similar divestiture of all or any part of a Washington Spin-Off; provided, however, that any such sublicense shall be subject to the same restrictions on assignment and transfer as the original license granted in this Section 5.03(a).

(iv) In the event that following the Effective Time, the Combined Company or a Washington Spin-Off becomes insolvent or is acquired by or merges with a third party, such license or sublicense shall immediately and automatically terminate with respect to such Person and its Affiliates effective as of the date of such insolvency, acquisition or merger, unless Conexant and the Combined Company otherwise agree; provided, that such termination of such license or sublicense shall not necessarily affect any other license or sublicense.

(v) Without limiting the foregoing, Conexant and Alpha shall confer in good faith to determine whether and on what terms Conexant's rights under the Lucent License Agreement may be sublicensed to Washington and/or the Combined Company, and, if mutually agreed by Conexant and Alpha, Conexant shall grant a sublicense as Conexant and Alpha may mutually determine may be granted, subject to the terms and conditions of the Lucent License Agreement; provided, however, that nothing in this Section 5.03(a)(v) shall require that Conexant pay any additional fees or royalties under the Lucent License Agreement or grant any sublicense to Washington and/or the Combined Company if Conexant in good faith determines such sublicense would jeopardize any rights of Conexant under the Lucent License Agreement.

(b) License of Alpha Intellectual Property to Conexant

(i) Subject to Section 5.03(b)(iv), effective immediately prior to the Effective Time, Alpha, on behalf of itself and its Subsidiaries, hereby grants to the Conexant Group a non-exclusive, world-wide, irrevocable royalty-free license, without the right to

assign or grant sublicenses, except as provided in Sections 5.03(b)(ii) and (iii), under all Intellectual Property owned by Alpha and its Subsidiaries (excluding trademarks, trade names, domain names, service marks, trade dress and any other form of trade identity) that Alpha and its Subsidiaries have a right to license without the payment of royalties to a third party, (A) with respect to any copyrighted work included in such Intellectual Property, to reproduce, display, distribute and prepare derivative works of such copyrighted work; and (B) to make, have made (including by third-party contract manufacturers), use, sell, offer for sale, import, or otherwise dispose of products in the conduct of the Conexant Business as it is being conducted immediately prior to the Time of Distribution and any related extensions or expansions thereof, and to practice any process involved in the use or manufacture thereof.

(ii) The license granted under Section 5.03(b)(i) is non-assignable and non-transferable (in insolvency proceedings, by reason of corporate merger, by acquisition or other change in control or otherwise) by the Conexant Group.

(iii) The license granted under Section 5.03(b)(i) does not include the right to grant sublicenses, except that the Conexant Group may grant a sublicense (within the scope of such license) to any entity or business that is a spin-off or other similar divestiture of all or any part of the Conexant Group's businesses (a "Conexant Spin-Off") and to any subsequent entity or business that is a spin-off or other similar divestiture of all or any part of a Conexant Spin-Off; provided, however, that any such sublicense shall be subject to the same restrictions on assignment and transfer as the original license granted in this Section 5.03(b).

(iv) In the event that following the Effective Time, Conexant or a Conexant Spin-Off becomes insolvent or is acquired by or merges with a third party, such license or sublicense shall immediately and automatically terminate with respect to such Person and its Affiliates effective as of the date of such insolvency, acquisition or merger, unless Conexant and the Combined Company otherwise agree; provided, that such termination of such license or sublicense shall not necessarily affect any other license or sublicense.

(c) License of Washington Intellectual Property to Conexant

(i) Subject to in Sections 5.03(c)(iv) and 5.03(d), effective as of the Time of Distribution, Washington, on behalf of itself and the Washington Subsidiaries, hereby grants to the Conexant Group a non-exclusive, world-wide, irrevocable, royalty-free license, without the right to assign or grant sublicenses, except as provided in Sections 5.03(c)(ii) and (iii), under all Intellectual Property that constitute Washington Assets (excluding trademarks, trade names, domain names, service marks, trade dress and any other form of trade identity) that the Washington Group has a right to license without the payment of royalties to a third party, (A) with respect to any copyrighted work included in such Intellectual Property, to reproduce, display, distribute and prepare derivative works of such copyrighted work; and (B) to make, have made (including by third-party contract manufacturers), use, sell, offer for sale, import, or otherwise dispose of products in the conduct of the Conexant Business as it is being conducted immediately prior to the Time of Distribution and any related extensions or expansions thereof, and to practice any process involved in the use or manufacture thereof.

(ii) The license granted under Section 5.03(c)(i) is not assignable and non-transferable (in insolvency proceedings, by reason of corporate mergers, by acquisition or other change of control or otherwise) by the Conexant Group.

(iii) The license granted under Section 5.03(c)(i) does not include the right to grant sublicenses, except that the Conexant Group may grant a sublicense (within the scope of such license) to any Conexant Spin-Off and to any subsequent entity or business that is a spin-off or other similar divestiture of all or any part of a Conexant Spin-Off; provided, however, that any such sublicense shall be subject to the same restrictions on assignment and transfer as the original license granted in this Section 5.03(c).

(iv) In the event that following the Effective Time, Conexant or a Conexant Spin-Off becomes insolvent or is acquired by or merges with a third party, such license or sublicense shall immediately and automatically terminate with respect to such Person and its Affiliates effective as of the date of such insolvency, acquisition or merger, unless Conexant and the Combined Company otherwise agree; provided, that such termination of such license or sublicense shall not necessarily affect any other license or sublicense.

(d) Field of Use Restrictions on Bluetooth Technology

(i) Notwithstanding anything to the contrary contained in this Agreement, effective immediately after the Time of Distribution and continuing for a term of eighteen months, Conexant agrees that no member of the Conexant Group shall sell or offer for sale the Washington Bluetooth RF Solution on a stand-alone basis into any market , and that no member of the Conexant Group shall sell or offer for sale the combination of the Washington Bluetooth RF Solution with the Conexant Bluetooth Baseband Solution into the cellular handset market; provided, however, that nothing in this Section 5.03(d)(i) shall prohibit any member of the Conexant Group from selling the Conexant Bluetooth Baseband Solution, a third-party Bluetooth RF solution or any other Bluetooth RF solution that is not substantially based on the Washington Bluetooth RF Solution into any market.

(ii) Notwithstanding anything to the contrary contained in this Agreement, effective immediately after the Time of Distribution and continuing for a term of eighteen months, Washington agrees that no member of the Washington Group (and, following the Effective Time, Alpha agrees that neither it nor any of its Subsidiaries) shall sell or offer for sale the Conexant Bluetooth Baseband Solution into any market outside the cellular handset market, whether on a stand-alone basis or in combination with the Washington Bluetooth RF Solution, unless the Conexant Bluetooth Baseband Solution is sold in combination with the Washington Group's cellular chipset solution; provided, however, that nothing in this Section 5.03(d)(ii) shall prohibit any member of the Washington Group (or, following the Effective Time, Alpha and its Subsidiaries) from selling the Washington Bluetooth RF Solution, a third-party Bluetooth baseband solution or any other Bluetooth baseband solution that is not substantially based on the Conexant Bluetooth Baseband Solution into any market.

(e) Administrative Services Software.

(i) For purposes of this Section 5.03(e), the following terms will have the following definitions:

(A) "Administrative Services" means services pertaining to personnel, payroll, property management, benefits, human resource management, financial planning, case docketing and management, contract and subcontract management, facilities management, proposal activities, supply chain planning for production, product distribution, material requirements planning, inventory management, engineering documentation control, workflow and e-mail management, networks and computer systems management and other similar services.

(B) "Administrative Services Software" means software originated internally and owned by Conexant or any of its Subsidiaries (including members of the Washington Group) prior to the Time of Distribution and relating to the provision of Administrative Services to the Conexant Business or the Washington Business immediately prior to the Time of Distribution, regardless of where ownership of such software vests after the Time of Distribution. Administrative Services Software also shall include materials and documentation supplied by one party to the other pursuant to clause (iv) of this Section 5.03(e).

(ii) Anything contained herein to the contrary notwithstanding, the following licenses shall govern the licensing of Administrative Services Software:

(A) Effective as of the Time of Distribution, Conexant, on behalf of itself and the Conexant Subsidiaries, hereby grants to Washington a royalty-free, world-wide, irrevocable, non-exclusive license to use Administrative Services Software which constitutes Conexant Assets and which immediately after the Time of Distribution is either owned by the Conexant Group or under which the Conexant Group has a right to license without the payment of royalties to a third party, but only for the internal business purposes of the Washington Group, including the right to sublicense only to (x) members of the Washington Group and (y) service providers and similar third parties to use the Administrative Services Software only for or on behalf of the Washington Group.

(B) Effective as of the Time of Distribution, Washington, on behalf of itself and the Washington Subsidiaries, hereby grants to Conexant a royalty-free, world-wide, irrevocable, non-exclusive license to use Administrative Services Software which constitutes Washington Assets and which immediately after the Time of Distribution is either owned by the Washington Group or under which the Washington Group has a right to license without the payment of royalties to a third party, but only for the internal business purposes of the Conexant Group, including the right to sublicense only to (x) members of the Conexant Group and (y) service providers and similar third parties to use the Administrative Services Software only for or on behalf of the Conexant Group.

(C) Except as set forth in this paragraph (e)(ii), the licenses granted pursuant to this Section 5.03(e) do not include the right to sublicense.

(iii) Each party shall have the right to use, disclose, perform, display, copy, distribute and make derivative works of Administrative Services Software within the scope of the licenses granted herein. Title to Administrative Services Software and all rights therein, including all rights in patents, copyrights and trade secrets and any other intellectual property rights applicable thereto, shall remain vested in the party to which ownership is allocated pursuant to this Agreement. Notwithstanding anything to the contrary contained herein, each licensed party agrees that it will not use, copy, disclose, sell, assign or sublicense, or otherwise transfer Administrative Services Software licensed to it under this Section 5.03(e) or any derivative works thereof, except as expressly provided in this Section 5.03(e) and Section 7.07.

(iv) To the extent that a licensed party does not have copies of any Administrative Services Software or materials and documentation (such as source code listings, flow charts, user guides and programmer's guides) relating to the operation and maintenance of such Administrative Services Software to which the other party has ownership, such owning party shall, as soon as practicable after request of the licensed party, supply to the licensed party copies of such Administrative Services Software and any related operating and maintenance materials or documentation existing as of the Time of Distribution.

(v) In the event that Administrative Services Software is used by the owner in the ordinary course of its business either associated or bundled with software owned or controlled by a third party (e.g., as a suite of software), without which the Administrative Services Software would be wholly or partly inoperable or otherwise unfit for its intended purposes, the grant of the licenses under the provisions of this Section 5.03(e) shall not be construed as an implied license to use the software of such a third party or as an undertaking on the part of the owner of the Administrative Services Software to obtain a license to permit the use of such third party software.

(f) (i) Conexant makes no representations or warranties of any kind with respect to the validity, scope or enforceability of any intellectual property rights licensed by Conexant or the Conexant Subsidiaries pursuant to this Section 5.03 and none of Conexant or the Conexant Subsidiaries has any obligation to file or prosecute any patent applications or maintain any patents in force in connection therewith. Notwithstanding anything contained herein to the contrary, this Section 5.03 will not be applicable to any rights in, or to the use of, the Conexant Marks (which are the subject of Section 5.02).

(ii) Washington makes no representations or warranties of any kind with respect to the validity, scope or enforceability of any intellectual property rights licensed by Washington or the Washington Subsidiaries pursuant to this Section 5.03 and none of Washington or the Washington Subsidiaries has any obligation to file or prosecute any patent applications or maintain any patents in force in connection therewith.

Section 5.04 Software and Other License Agreements. If after the Time of Distribution, Washington (or any member of the Washington Group) no longer has licensee rights under any software or other license agreement of Conexant (or any member of the Conexant Group) (a "Conexant License Agreement") that, prior to the Time of Distribution, was used in the conduct of the Washington Business (i) because such license agreement does not constitute a Washington Asset; (ii) because the transfer of, or sublicense under, such Conexant License Agreement required the consent of a third party and such consent was not obtained or (iii) for any other reason, then Washington shall be responsible for all costs and expenses incurred in connection with the procurement of new license agreements to replace any such Conexant License Agreements or the transfer or assignment of a portion of such Conexant License Agreement (to the extent mutually agreed by Conexant, Washington and the licensor), including, but not limited to, any fees payable to the licensor in connection therewith and the portion of any pre-paid amounts allocable to the portion of the Conexant License Agreement transferred. Conexant will use commercially reasonable efforts to assist Washington in the procurement of such new license agreements or the transfer of a portion of such Conexant License Agreement; provided that all of Conexant's costs and expenses incurred in connection therewith shall be paid by Washington.

Section 5.05 Non-Solicitation of Employees. Without the express written agreement of either (a) both the Chief Executive Officer of Conexant and the Chief Executive Officer of Alpha or (b) both the Senior Vice President, Human Resources of Conexant and the Vice President, Treasurer, Chief Financial Officer and Secretary of Alpha:

(a) Conexant agrees not to (and to cause the other members of the Conexant Group not to) solicit, recruit or hire any employee of, or individuals providing contracting services to, Washington or any other member of the Washington Group until December 31, 2003 or until six months after such employee's employment with, or such individual's provision of contracting services to, Washington or any other member of the Washington Group terminates, whichever occurs first;

(b) Washington agrees not to (and to cause the other members of the Washington Group, Alpha and all Subsidiaries and Affiliates of Alpha not to) solicit, recruit or hire any employee of, or individuals providing contracting services to, Conexant or any other member of the Conexant Group until December 31, 2003 or until six months after such employee's employment with, or such individual's provision of contracting services to, Conexant or any other member of the Conexant Group terminates, whichever occurs first; and

(c) Notwithstanding the foregoing (but subject to the restriction on hiring), such prohibitions on solicitation do not restrict general recruitment efforts carried out through a public or general solicitation.

ARTICLE VI

ACCESS TO INFORMATION

Section 6.01 Provision of Corporate Records. Prior to or as promptly as practicable after the Time of Distribution, Conexant shall deliver to Washington all minute books and other records of meetings of the Board of Directors, committees of the Board of Directors and stockholders of the Washington Group, all corporate books and records of the Washington Group in its possession and the relevant portions (or copies thereof) of all corporate books and records of the Conexant Group relating directly and primarily to the Washington Assets, the Washington Business or the Washington Liabilities, including, in each case, all active agreements and active litigation files. From and after the Time of Distribution, all such books, records and copies shall be the property of Washington. Prior to or as promptly as practicable after the Time of Distribution, Washington shall deliver to Conexant all corporate books and records of the Conexant Group in Washington's possession (other than the books, records and copies described in the first sentence of this Section 6.01) and the relevant portions (or copies thereof) of all corporate books and records of the Washington Group relating directly and primarily to the Conexant Assets, the Conexant Business or the Conexant Liabilities, including, in each case, all active agreements and active litigation files. From and after the Time of Distribution, all such books, records and copies shall be the property of Conexant.

Section 6.02 Access to Information. (a) From and after the Time of Distribution, Conexant will, and will cause each Conexant Subsidiary to, afford to Washington and its Representatives (at Washington's expense) reasonable access and duplicating rights during normal business hours and upon reasonable advance notice to all pre-Distribution Information within the Conexant Group's possession or control relating to Washington, any Washington Subsidiary, any Washington Asset, any Washington Liability or the Washington Business, insofar as such access is reasonably required by Washington or any Washington Subsidiary, subject to the provisions below regarding Privileged Information.

(b) From and after the Time of Distribution, Washington will, and will cause each Washington Subsidiary to, afford to Conexant and its Representatives (at Conexant's expense) reasonable access and duplicating rights during normal business hours and upon reasonable advance notice to all pre-Distribution Information within the Washington Group's possession or control relating to Conexant, any Conexant Subsidiary, any Conexant Asset, any Conexant Liability or the Conexant Business, insofar as such access is reasonably required by Conexant or any Conexant Subsidiary, subject to the provisions below regarding Privileged Information.

(c) Without limiting the foregoing, Information may be requested under this Article VI for audit (including in respect of any audit of the Washington Business after the Time of Distribution), accounting, claims, litigation, insurance, environmental and safety and tax purposes, as well as for purposes of fulfilling disclosure and reporting obligations and for performing this Agreement and the transactions contemplated hereby.

In furtherance of the foregoing:

(i) Each party acknowledges that (A) each of Conexant and Washington (and the members of the Conexant Group and the Washington Group, respectively) has or may obtain Privileged Information; (B) there are or may be a number of Actions affecting one or more of the members of the Conexant Group and the Washington Group; (C) the parties may have a common legal interest in Actions, in the Privileged Information, and in the preservation of the confidential status of the Privileged Information; and (D) each of Conexant and Washington intends that the transactions contemplated by the Transaction Agreements and any transfer of Privileged Information in connection therewith shall not operate as a waiver of any potentially applicable privilege.

(ii) Each of Conexant and Washington agrees, on behalf of itself and each member of the Group of which it is a member, not to disclose or otherwise waive any privilege attaching to any Privileged Information relating to the pre-Distribution business of the other Group or relating to or arising in connection with the relationship between the Groups on or prior to the Time of Distribution, without providing prompt written notice to and obtaining the prior written consent of the other, which consent will not be unreasonably withheld. In the event of a disagreement between any member of the Conexant Group and/or any member of the Washington Group concerning the reasonableness of withholding such consent, no disclosure will be made prior to a final, nonappealable resolution of such disagreement by a court of competent jurisdiction.

(iii) Upon any member of the Conexant Group or any member of the Washington Group receiving any subpoena or other compulsory disclosure notice from a court, other Governmental Entity or otherwise which requests disclosure of Privileged Information, in each case relating to the pre-Distribution business of the other Group or relating to or arising in connection with the relationship between the Groups on or prior to the Time of Distribution, the recipient of the notice will promptly provide to the other party (following the notice provisions set forth herein) a copy of such notice, the intended response, and a description of all materials or information relating to the other Group that might be disclosed. In the event of a disagreement as to the intended response or disclosure, unless and until the disagreement is resolved as provided in Section 6.02(c)(ii), the parties will cooperate to assert all defenses to disclosure claimed by either Group, at the cost and expense of the Group claiming such defense to disclosure, and shall not disclose any disputed documents or information until all legal defenses and claims of privilege have been finally determined.

Section 6.03 Production of Witnesses. Subject to Section 6.02, after the Time of Distribution, each of Conexant and Washington will, and will cause each member of the Conexant Group and the Washington Group, respectively, to, make available to the other party and members of such other party's Group, upon written request and at the cost and expense of the party so requesting, its directors, officers, employees and agents as witnesses

to the extent that any such Person may reasonably be required (giving consideration to business demands of such directors, officers, employees and agents) in connection with any Actions, administrative or other proceedings in which the requesting party may from time to time be involved and relating to the pre-Distribution business of either Group or relating to or arising in connection with the relationship between the Groups on or prior to the Time of Distribution, provided that the same shall not unreasonably interfere with the conduct of business by the Group of which the request is made.

Section 6.04 Retention of Records. Except as otherwise required by law or agreed to by the parties in writing, if any Information relating to the pre-Distribution business, Assets or Liabilities of a member of a Group is retained by a member of the other Group, each of Conexant and Washington will, and will cause the members of the Group of which it is a member to, retain for the period required by the applicable Conexant records retention policy in effect immediately prior to the Time of Distribution all such Information in such Group's possession or under its control. In addition, after the expiration of such required retention period, if any member of either Group wishes to destroy or dispose of any such Information, prior to destroying or disposing of any of such Information, (i) Conexant or Washington, on behalf of the member of its Group that is proposing to destroy or dispose of any such Information, will provide no less than 30 days' prior written notice to the other party, specifying in reasonable detail the Information proposed to be destroyed or disposed of, and (ii) if, prior to the scheduled date for such destruction or disposal, the recipient of such notice requests in writing that any of the Information proposed to be destroyed or disposed of be delivered to such requesting party, the party whose Group is proposing to destroy or dispose of such Information promptly will arrange for the delivery of the requested Information to a location specified by, and at the expense of, the requesting party.

Section 6.05 Confidentiality. Subject to the provisions of Section 6.02, which shall govern Privileged Information, from and after the Time of Distribution, each of Conexant and Washington shall hold, and shall use reasonable efforts to cause members of its Group and its and their Affiliates and Representatives to hold, in strict confidence all Information concerning the other party's Group in its possession or control prior to the Time of Distribution or furnished to it by such other party's Group pursuant to the Transaction Agreements or the transactions contemplated thereby and will not release or disclose such Information to any other Person, except members of its Group and its and their Representatives, who will be bound by the provisions of this Section 6.05; provided, however, that any member of the Conexant Group or the Washington Group may disclose such Information to the extent that (a) disclosure is compelled by judicial or administrative process or, in the opinion of such Person's counsel, by other requirements of law (in which case the party required to make such disclosure will notify the other party as soon as practicable of such obligation or requirement and cooperate with the other party to limit the Information required to be disclosed and to obtain a protective order or other appropriate remedy with respect to the Information ultimately disclosed) or (b) such Person can show that such Information was (i) available to such Person on a nonconfidential basis (other than from a member of the other party's Group) prior to its disclosure by such Person, (ii) in the public domain through no fault of such Person or (iii) lawfully acquired by such Person from another source after the time that it was furnished to such Person by the other party's Group, and not

acquired from such source subject to any confidentiality obligation on the part of such source known to the acquiror, or on the part of the acquiror. Each party acknowledges that it will be liable for any breach of this Section 6.05 by its Affiliates, Representatives and Subsidiaries. Notwithstanding the foregoing, each of Conexant and Washington will be deemed to have satisfied its obligations under this Section 6.05 with respect to any Information (other than Privileged Information) if it exercises the same care with regard to such Information as it takes to preserve confidentiality for its own similar Information.

## ARTICLE VII

## MISCELLANEOUS

Section 7.01 Entire Agreement; Construction. This Agreement and the Ancillary Agreements, including any annexes, schedules and exhibits hereto or thereto, and other agreements and documents referred to herein and therein, will together constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and will supersede all prior negotiations, agreements and understandings of the parties of any nature, whether oral or written, with respect to such subject matter. Notwithstanding any other provisions in the Transaction Agreements to the contrary, (i) in the event and to the extent that there is a conflict between the provisions of this Agreement and the provisions of the Employee Matters Agreement or the Tax Allocation Agreement, the provisions of the Employee Matters Agreement or the Tax Allocation Agreement, as appropriate, will control and (ii) in the event and to the extent that there is a conflict between the provisions of this Agreement and the provisions of any Conveyance and Assumption Instruments, the provisions of this Agreement will control.

Section 7.02 Survival of Agreements. Except as otherwise contemplated by the Transaction Agreements, all covenants and agreements of the parties contained in the Transaction Agreements will remain in full force and effect and survive the Time of Distribution.

Section 7.03 Governing Law. This Agreement will be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and to be performed entirely within such State, without regard to the conflicts of law principles of such State.

Section 7.04 Notices. All notices, requests, claims, demands and other communications required or permitted to be given hereunder will be in writing and will be delivered by hand or telecopied, e-mailed or sent, postage prepaid, by registered, certified or express mail or reputable overnight courier service and will be deemed given when so delivered by hand or telecopied, when e-mail confirmation is received if delivered by e-mail, or three Business Days after being so mailed (one Business Day in the case of express mail or overnight courier service). All such notices, requests, claims, demands and other communications will be addressed as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

(a) If to Conexant:

Conexant Systems, Inc.
4311 Jamboree Road
Newport Beach, California 92660-3095

Attention: Dwight W. Decker
Chairman of the Board and Chief Executive Officer
Telecopy: (949) 483-4318
E-mail: dwight.decker@conexant.com

with a copy to:

Conexant Systems, Inc.
4311 Jamboree Road
Newport Beach, California 92660-3095

Attention: Dennis E. O'Reilly, Esq.
Senior Vice President, General Counsel
and Secretary
Telecopy: (949) 483-6388
E-mail: dennis.o'reilly@conexant.com

(b) If to Washington after the Effective Time:

Washington Sub, Inc.
c/o Alpha Industries, Inc.
20 Sylvan Road
Woburn, Massachusetts 01801

Attention: Paul E. Vincent
Chief Financial Officer
Telecopy: (617) 824-4426
E-mail: pvincent@alphaind.com

with a copy to:

Alpha Industries, Inc.
20 Sylvan Road
Woburn, Massachusetts 01801

Attention: James K. Jacobs, Esq.
General Counsel
Telecopy: (617) 824-4564
E-mail: jjacobs@alphaind.com

Section 7.05 Dispute Resolution. In the event that from and after the Time of Distribution any dispute, claim or controversy (collectively, a "Dispute") arises out of or relates to any provision of any Transaction Agreement or the breach, performance, enforcement or validity or invalidity thereof, the designees of the Conexant Chief Executive Officer and the Alpha Chief Executive Officer will attempt a good faith resolution of the Dispute within thirty days after either party notifies the other party in writing of the Dispute. If the Dispute is not resolved within thirty days of the receipt of the notification, or within such other time as they may agree, the Dispute will be referred for resolution to the Conexant Chief Executive Officer and the Alpha Chief Executive Officer. Should they be unable to resolve the Dispute within thirty days following the referral to them, or within such other time as they may agree, Conexant and Washington will then attempt in good faith to resolve such Dispute by mediation in accordance with the then-existing CPR Mediation Procedures promulgated by the CPR Institute for Dispute Resolution, New York City. If such mediation is unsuccessful within thirty days (or such other period as the parties may mutually agree) after the commencement thereof, such Dispute shall be submitted by the parties to binding arbitration, initiated and conducted in accordance with the then-existing American Arbitration Association Commercial Arbitration Rules, before a single arbitrator selected jointly by Conexant and Alpha, who shall not be the same person as the mediator appointed pursuant to the preceding sentence. If Conexant and Alpha cannot agree upon the identity of an arbitrator within ten days after the arbitration process is initiated, then the arbitration will be conducted before three arbitrators, one selected by Conexant, one selected by Alpha and the third selected by the first two. The arbitration shall be conducted in San Francisco, California and shall be governed by the United States Arbitration Act, 9 U.S.C. Sections 1-16, and judgment upon the award may be entered by any court having jurisdiction thereof. The arbitrators shall have case management authority and shall resolve the Dispute in a final award within one hundred eighty days from the commencement of the arbitration action, subject to any extension of time thereof allowed by the arbitrators upon good cause shown.

Section 7.06 Amendments. This Agreement cannot be amended, modified or supplemented except by a written agreement executed by Conexant and Washington that is consented to in writing by Alpha.

Section 7.07 Assignment. Except as otherwise provided herein, neither party to this Agreement will convey, assign or otherwise transfer any of its rights or obligations

under this Agreement without the prior written consent of the other party and Alpha in its sole and absolute discretion. Notwithstanding the foregoing, either party may (without obtaining any consent) assign, delegate or sublicense all or any portion of its rights and obligations hereunder to (i) the surviving entity resulting from a merger or consolidation involving such party, (ii) the acquiring entity in a sale or other disposition of all or substantially all of the assets of such party as a whole or of any line of business or division of such party, or (iii) any other Person that is created as a result of a spin-off from, or similar reorganization transaction of, such party or any line of business or division of such party. In the event of an assignment pursuant to (ii) or (iii) above, the nonassigning party shall, at the assigning party's request, use good faith commercially reasonable efforts to enter into separate agreements with each of the resulting entities and take such further actions as may be reasonably required to assure that the rights and obligations under this Agreement are preserved, in the aggregate, and divided equitably between such resulting entities. Any conveyance, assignment or transfer requiring the prior written consent of another party pursuant to this Section 7.07 which is made without such consent will be void ab initio. No assignment of this Agreement will relieve the assigning party of its obligations hereunder.

Section 7.08 Captions; Currency. The article, section and paragraph captions herein and the table of contents hereto are for convenience of reference only, do not constitute part of this Agreement and will not be deemed to limit or otherwise affect any of the provisions hereof. Unless otherwise specified, all references herein to numbered articles or sections are to articles and sections of this Agreement and all references herein to schedules are to schedules to this Agreement. Unless otherwise specified, all references contained in this Agreement, in any schedule referred to herein or in any instrument or document delivered pursuant hereto to dollars or "$" shall mean United States Dollars.

Section 7.09 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances other than those as to which it has been held invalid or unenforceable, will remain in full force and effect and will in no way be affected, impaired or invalidated thereby. If the economic or legal substance of the transactions contemplated hereby is affected in any manner adverse to any party as a result thereof, the parties will negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect the original intent of the parties.

Section 7.10 Parties in Interest. This Agreement is binding upon and is for the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement is not made for the benefit of any Person not a party hereto, and no Person other than the parties hereto or their respective successors and permitted assigns will acquire or have any benefit, right, remedy or claim under or by reason of this Agreement, except that (i) the provisions of Sections 4.02 and 4.03 shall inure to the benefit of and shall be enforceable by the Persons referred to therein and (ii) the provisions of Sections 2.01, 3.01, 5.03, 7.06, 7.07 and 7.10 and the last sentence of Section 7.12 shall inure to the benefit of and shall be enforceable by Alpha.

Section 7.11 Schedules. All schedules attached hereto are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Capitalized terms used in the schedules hereto but not otherwise defined therein will have the respective meanings assigned to such terms in this Agreement.

Section 7.12 Waivers; Remedies. No failure or delay on the part of either Conexant or Washington in exercising any right, power or privilege hereunder will operate as a waiver thereof, nor will any waiver on the part of either Conexant or Washington of any right, power or privilege hereunder operate as a waiver of any other right, power or privilege hereunder, nor will any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. Subject to Section 7.05, except as otherwise provided herein, the rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies which the parties may otherwise have at law or in equity. Notwithstanding the foregoing, Washington will not waive any right, power or privilege hereunder in any material respect without the prior written consent of Alpha.

Section 7.13 Further Assurances. From time to time after the Time of Distribution, as and when requested by either party hereto, the other party shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such actions as the requesting party may reasonably request to consummate the transactions contemplated by the Transaction Agreements.

Section 7.14 Counterparts. This Agreement may be executed in separate counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts will together constitute the same agreement. This Agreement may be executed and delivered by telecopier with the same force and effect as if it were a manually executed and delivered counterpart.

Section 7.15 Performance. Conexant will cause to be performed and hereby guarantees the performance of all actions, agreements and obligations set forth herein to be performed by any Conexant Subsidiary. Washington will cause to be performed and hereby guarantees the performance of all actions, agreements and obligations set forth herein to be performed by any Washington Subsidiary.

Section 7.16 Currency Calculations. Following the Distribution Date, for purposes of calculating the United States Dollar equivalent of any amount payable under any Transaction Agreement which is denominated in a currency other than United States Dollars, the New York foreign exchange selling rate applicable to such currency will be used, as published in the Wall Street Journal, New York Edition, for the second Business Day preceding the earlier of the date such payment is due or the date such payment is made (it being understood that this Section 7.16 shall not apply to the conversion of foreign currency balances made as of the Distribution Date in accordance with standard Conexant accounting practices and procedures).

Section 7.17 Interpretation. Any reference herein to any federal, state, local, or foreign law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. For the purposes of this Agreement, (a) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires, (b) the terms "hereof", "herein", and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement and (c) the word "including" and words of similar import when used in this Agreement shall mean "including, without limitation".

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties have caused this Agreement, as amended, to be signed by their respective officers thereunto duly authorized.

CONEXANT SYSTEMS, INC.

By: /s/ DENNIS E. O'REILLY
---
Name: Dennis E. O'Reilly
Title: Senior Vice President, General Counsel and Secretary

WASHINGTON SUB, INC.

By: /s/ DENNIS E. O'REILLY
---
Name: Dennis E. O'Reilly
Title: Vice President and Secretary

Alpha acknowledges that from and after the Effective Time (as defined in the Merger Agreement), Alpha will succeed to all rights, obligations and Liabilities of Washington under this Agreement, as amended. In addition, Alpha hereby agrees to be bound by, and to cause its Subsidiaries to be bound by, the provisions of Section 5.03 and 7.05 that are applicable to Alpha and its Subsidiaries.

ALPHA INDUSTRIES, INC.

By: /s/ PAUL E. VINCENT
---
Name: Paul E. Vincent
Title: Vice President, Chief Financial Officer, Treasurer & Secretary

EXHIBIT 2.3

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MEXICAN STOCK PURCHASE AGREEMENT

DATED AS OF JUNE 25, 2002

BY AND BETWEEN

CONEXANT SYSTEMS, INC.

AND

ALPHA INDUSTRIES, INC.

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# MEXICAN STOCK PURCHASE AGREEMENT

MEXICAN STOCK PURCHASE AGREEMENT (this "Agreement"), dated as of June 25, 2002, by and between Conexant Systems, Inc., a Delaware corporation ("Seller"), and Alpha Industries, Inc., a Delaware corporation ("Purchaser"). Seller and Purchaser are sometimes hereinafter collectively referred to as the "Parties" and individually as a "Party."

## RECITALS

A. Seller and Purchaser are parties to a Mexican Stock and Asset Purchase Agreement, dated as of December 16, 2001 (the "Existing Agreement"), pursuant to which Seller agreed to sell, and Purchaser agreed to purchase, all of Seller's right, title and interest in and to the Shares (as defined below) and the Assets (as defined below).

B. Seller and Purchaser wish to amend certain provisions of the Existing Agreement to, among other things, provide for the sale and purchase of the Shares.

C. Concurrently herewith, Seller and Purchaser are amending the Existing Agreement, to, among other things, provide for the sale of the Assets to Purchaser.

D. Seller owns 108,096,704 shares (the "Shares") of the issued and outstanding fixed and variable capital stock of Maquiladora (as defined herein), which represent approximately 99.9999% of the issued and outstanding shares of capital stock of Maquiladora; and Minority Shareholder (as defined herein) owns the remaining 25 issued and outstanding shares ("Minority Shares" and, together with the Shares, the "Purchased Shares") of variable capital stock of Maquiladora.

E. Maquiladora conducts its business from the Facility (as defined herein) located in Mexicali, Baja California, Mexico.

F. Seller desires to sell all of Seller's right, title and interest in and to the Shares, and Purchaser desires to purchase the Shares, all in accordance with the terms of this Agreement.

NOW, THEREFORE, in consideration of the representations, warranties, mutual covenants and promises contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

## ARTICLE I

## DEFINITIONS

As used in this Agreement, the following terms shall have the meanings given those terms in this ARTICLE I or in the Section of this Agreement referenced in the definition provided for such term and all references to "the date of this Agreement", "the date hereof", "a recent date" or similar references shall refer or relate to the date as of which the Existing Agreement was originally executed and delivered (December 16, 2001) and not the date as of which this Agreement was amended and restated (June 25, 2002):

"Actually Realized" shall mean, for purposes of determining the timing of any Taxes (or related Tax cost or benefit) relating to any payment, transaction, occurrence or event, the time at which the amount of Taxes (including estimated Taxes) payable by any Person is increased above or reduced below, as the case may be, the amount of Taxes that such person would be required to pay but for the payment, transaction, occurrence or event.

"Advanced Pricing Agreement" means the proposed transfer pricing agreement among, Seller, Maquiladora, the United States Internal Revenue Service and certain Mexican Tax authorities for transactions between Seller and Maquiladora for the annual tax periods of Maquiladora commencing January 1, 2000 through January 1, 2004, which has been submitted to the United States Internal Revenue Service and the appropriate Mexican Tax authorities.

"Affiliate" of a Person means any other Person that, directly or indirectly, controls, is controlled by, or is under common control with, such Person. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" is defined in the first paragraph hereof.

"Assembly Agreement" is defined in Section 3.15(i).

"Assets" is defined in the Mexican Asset Purchase Agreement.

"Bailment Agreements" is defined in Section 3.15(ii).

"Benefit Plans" is defined in Section 3.11(b).

"Books and Records" means all documents, information, computer data, files, books and records (in each case, in whatever form or media, including electronic media) owned by Seller that relate to Maquiladora and its operations.

"Business Day" means a day other than a Saturday, a Sunday or a day on which banks are required or authorized to close in the City of New York.

"Charter Document" means any of the certificate of incorporation, bylaws, agreement of limited partnership, operating agreement or other organizational or constitutive document of a Person (including, in the case of a Mexican Person, the acta constitutiva or estatutos of such Person).

"Claim(s)" means any action, suit, litigation, proceeding, arbitration or other method of settling disputes or disagreements and any grievance, complaint, claim, charge, demand, investigation or other similar matter.

"Claims Made Policies" is defined in Section 5.9(b).

"Closing" means the consummation of the transactions contemplated by this Agreement on the Closing Date.

"Closing Material Adverse Effect" means any event, change, circumstance or development that is materially adverse to (i) the ability of Seller to consummate the transactions contemplated by this Agreement, the Mexican Asset Purchase Agreement and the Merger Agreement or (ii) the business, financial condition or results of operations of Maquiladora, the business, financial condition or results of operations of the Washington Business and the Assets taken as a whole, other than, with respect to clause (ii), any event, change, circumstance or development (A) resulting from any action taken in connection with the transactions contemplated hereby pursuant to the terms of this Agreement or the Merger Agreement, (B) relating to the economy or financial markets in general, (C) relating in general to the industries in which Seller, Maquiladora and the Washington Business operate and not specifically relating to Seller, Maquiladora and the Washington Business or (D) relating to any action or omission of Seller, Maquiladora or

Washington or any Subsidiary of any of them taken with the express prior written consent of Purchaser.

"Closing Date" is defined in the first paragraph of ARTICLE VIII.

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

"Consent(s)" means any and all consents, waivers, approvals, authorizations, declarations, filings, recordings, registrations or exemptions.

"Damages" means any and all losses, Liabilities, claims, damages, deficiencies, obligations, fines, payments, Taxes, Encumbrances, and costs and expenses, whether matured or unmatured, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, known or unknown, whenever arising and whether or not resulting from Third Party Claims (including the costs and expenses of any and all Claims; all amounts paid in connection with any demands, assessments, judgments, settlements and compromises relating thereto; interest and penalties with respect thereto; out-of-pocket expenses and reasonable attorneys', accountants' and other experts' fees and expenses reasonably incurred in investigating, preparing for or defending against any such Claims or in asserting, preserving or enforcing an Indemnified Party's rights hereunder; and any losses that may result from the granting of injunctive relief as a result of any such Claims).

"Dispute" is defined in Section 12.3(b).

"dollars" or "U.S.$" means United States dollars.

"Effective Time" is defined in the Merger Agreement.

"Employee(s)" means any person employed by Maquiladora, including persons employed on a full-time or part-time basis.

"Encumbrance" means any lien, pledge, easement, security interest, mortgage, deed of trust, right-of-way, retention of title agreement or other encumbrance of whatever nature.

"Environmental Claim" is defined in Section 3.14.

"Environmental Law" means any law, rule or regulation applicable to the Facility enacted as of the Closing Date issued by any Governmental Authority that asserts authority over Maquiladora or the Assets regulating or pertaining to protection of human health or the environment (including soil, surface waters, ground waters, natural

resources, land, stream, sediments, surface or subsurface strata and indoor and ambient air, or relating to the presence, spillage, discharge, release or emission of, or contamination and damage from, Hazardous Materials, including those (i) requiring any Permits, or the renewal thereof, (ii) regulating the amount, form, manner or storage, transport and/or disposal of Hazardous Materials or (iii) requiring any record keeping, reporting, inspection report or notification regarding Hazardous Material to a Governmental Authority.

"Existing Agreement" is defined in the recitals hereto.

"Facility" means the Land and Improvements, including all easements, licenses, options, insurance proceeds and condemnation awards and all other rights of Maquiladora in or appurtenant thereto.

"Financial Statements" means the balance sheet of Maquiladora as of November 23, 2001 and the related statement of income of Maquiladora for the twelve-month period ended November 23, 2001, together with the notes thereto.

"Financing Agreement" means the Financing Agreement to be dated as of the Closing Date among Purchaser, each of Purchaser's subsidiaries listed therein (including, upon the Closing, Maquiladora) and Seller, substantially in the form attached hereto as Exhibit "C".

"Governmental Authority" means any federal, state or local governmental authority or regulatory body of any nation (including the United States of America and the United Mexican States ("Mexico")), any subdivision, agency, commission, board or authority or instrumentality thereof, or any quasi-governmental or private body asserting, exercising or empowered to assert or exercise any regulatory authority thereunder and any Person, directly or indirectly, owned by and subject to the control of any of the foregoing.

"Hazardous Material" means any hazardous waste, hazardous material, hazardous substance, petroleum product, oil, toxic substance, pollutant, contaminant, or other substance that is regulated under any Environmental Law.

"HSR Act" means the Hart Scott Rodino Antitrust Improvements Act of 1976, as amended.

"Improvements" means all buildings, structures, fixtures and real property improvements located on the Land.

"including" means including without limiting the generality of what precedes that term.

"Indemnified Party" is defined in Section 9.3(a).

"Indemnifying Party" is defined in Section 9.3(a).

"Indemnity Issue" is defined in Section 10.7.

"Indemnity Reduction Amounts" is defined in Section 9.3(a).

"Information" means all records, books, contracts, instruments, computer data and other data and information (in each case, in whatever form or medium, including electronic media).

"Injunction" is defined in Section 6.3

"Insurance Proceeds" means monies (a) received by an insured from an insurance carrier, (b) paid by an insurance carrier on behalf of an insured or (c) received from any third party in the nature of insurance, contribution or indemnification in respect of any Liability.

"Land" means that certain parcel of land owned by Maquiladora commonly known as Ave. Iqnacio Lopez Rayon No. 1699, Colonial Rivera, Mexicali, Baja California, Mexico.

"Law" means all laws, principals of common law, statutes, constitutions, treaties, rules, regulations, ordinances, codes, ruling, orders and determinations of any Governmental Authority.

"Liabilities" means any and all claims, debts, liabilities, commitments and obligations of whatever nature, whether fixed, contingent or absolute, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising and whether or not the same would be required by generally accepted accounting principles to be reflected as a liability in financial statements or disclosed in the notes thereto.

"Maquila Decree" is defined in Section 3.6.

"Maquiladora" means Conexant Systems, S.A. de C.V., a sociedad anonima de capital variable organized under the laws of Mexico.

"Maquiladora Contracts" means all agreements listed in Section 3.15.

"Material Adverse Change" or "Material Adverse Effect" means any event, change, circumstance or development that is materially adverse to (i) the ability of Seller to consummate the transactions contemplated by this Agreement or the Mexican Asset Purchase Agreement or (ii) the business, financial condition or results of operations of Maquiladora and the Assets taken as a whole, other than, with respect to clause (ii), any event, change, circumstance or development (A) resulting from any action taken in connection with the transactions contemplated hereby pursuant to the terms of this Agreement, (B) relating to the economy or financial markets in general, (C) relating in general to the industries in which Seller and Maquiladora operate and not specifically relating to Seller and Maquiladora or (D) relating to any action or omission of Seller or Maquiladora or any Subsidiary of either of them taken with the express prior written consent of Purchaser.

"Merger" is defined in the recitals of the Merger Agreement.

"Merger Agreement" means the Agreement and Plan of Reorganization, dated as of December 16, 2001, as amended as of April 12, 2002, by and among Seller, Washington and Purchaser.

"Mexican Asset Purchase Agreement" means the Amended and Restated Mexican Asset Purchase Agreement, dated as of the date hereof, by and between Seller and Purchaser.

"Mexican Compensation Requirements" is defined in Section 3.11(a).

"Mexican Competition Commission" means the Mexican Comision Federal de Competencia established under Chapter IV of the Mexican Economic Competition Law.

"Mexican Economic Competition Law" means the Mexican Ley Federal de Competencia Economica published in the Mexican Official Gazette (Diario Oficial de la Federacion) on December 24, 1992.

"Minority Purchaser" means the Person designated by Purchaser, in a writing delivered to Seller at least two (2) Business Days prior to the Closing Date, to purchase the Minority Shares.

"Minority Shareholder" means Mr. Balakrishnan S. Iyer.

"Minority Shareholder's Contrato de Compra-Venta de Acciones" is defined in Section 8.2(ii).

"Minority Shares" is defined in the recitals hereto.

"Occurrence Basis Policies" is defined in Section 5.9(b).

"Party" and "Parties" are defined in the first paragraph of this Agreement.

"Permits" means licenses, permits, authorizations, consents, certificates, registrations, variances, franchises and other approvals from any Governmental Authority, including those relating to environmental matters.

"Permitted Encumbrance" means (i) in respect of real property, Encumbrances consisting of zoning or planning restrictions, easements, Permits or other restrictions or limitations on the use of real property or irregularities in title thereto which do not materially detract from the value of, or impair the use of, such real property as currently operated, (ii) Encumbrances for Taxes, assessments or governmental charges or levies on property not yet due and payable or which are being contested in good faith and for which appropriate reserves are maintained, (iii) Encumbrances of landlords, carriers, warehousemen, mechanics and other Encumbrances imposed by law and incurred in the ordinary course of business, (iv) for personal property, Encumbrances for purchase money obligations incurred in the ordinary course of business consistent with past practice, (v) Encumbrances set forth on Schedule 2.2(b) and (vi) other Encumbrances (other than mortgages, deeds of trust, title retention agreements or similar security interests on the Facility) which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

"Person" means an individual, corporation, limited liability entity, partnership, association, trust, unincorporated organization, other entity or group (as defined in the Exchange Act), including any Governmental Authority.

"Policies" means all insurance policies, insurance contracts and claim administration contracts of any kind of Seller relating to Maquiladora which were or are in effect at any time at or prior to the Closing, including primary, excess and umbrella, commercial general liability, fiduciary liability, product liability, automobile, aircraft, property and casualty, business interruption, directors and officers liability, employment practices liability, workers' compensation, crime, errors and omissions, special accident, cargo and employee dishonesty insurance policies and captive insurance company arrangements, together with all rights, benefits and privileges thereunder.

"Privileged Information" means, with respect to a Party, Information regarding the Party or Maquiladora, or any of its operations, employees, assets or Liabilities (whether in documents or stored in any other form or known to its employees or agents) that is or may be protected from disclosure pursuant to the attorney-client privilege, the work product doctrine or other applicable privileges, that a Party has or

may come into possession of or has obtained or may obtain access to pursuant to this Agreement or otherwise.

"Promissory Note" means a promissory note issued by Purchaser in favor of Seller in a principal amount equal to the Purchase Price, substantially in the form attached hereto as Exhibit "A".

"Purchase Price" is defined in Section 2.2.

"Purchased Shares" is defined in the recitals hereto.

"Purchaser" is defined in the first paragraph of this Agreement.

"Purchaser Indemnified Parties" is defined in Section 9.1.

"Representative" means, with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants, attorneys and representatives.

"Schedules" means the disclosure schedules contained in this Agreement which schedules are attached hereto and incorporated by reference as if specifically set forth herein.

"SECOFI" is defined in Section 3.5.

"Seller" is defined in the first paragraph of this Agreement.

"Seller Indemnified Parties" is defined in Section 9.2.

"Seller's Contrato de Compra-Venta de Acciones" is defined in Section 8.1(ii).

"Shares" is defined in the recitals hereto.

"Straddle Period" is defined in Section 10.1.

"Subsidiary" when used with respect to any Person means any corporation or other organization, whether incorporated or unincorporated, at least a majority of the securities or other interests of which having by their terms ordinary voting power to elect a majority of the Board of Directors or others performing similar functions with respect to such corporation or other organization is, directly or indirectly, owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries.

"Supply Agreement" means the Supply Agreement, to be dated as of the Closing Date, between Seller and Purchaser relating to the provision by Purchaser to Seller of specified services and the provision by Seller to Purchaser of other specified services, substantially on the terms attached hereto as Exhibit "B".

"Tax" and "Taxes" shall mean all forms of taxation, whenever created or imposed, and whether of the United States or elsewhere, and whether imposed by a federal, state, municipal, governmental, territorial, local, foreign or other body, and without limiting the generality of the foregoing, shall include net income, gross income, gross receipts, sales, use, value added, ad valorem, transfer, recording, franchise, profits, license, lease, service, service use, payroll, wage, withholding, employment, unemployment insurance, workers compensation, social security, excise, severance, stamp, business license, business organization, occupation, premium, property, environmental, windfall profits, customs, duties, alternative minimum, estimated or other taxes, fees, premiums, assessments or charges of any kind whatever imposed or collected by any governmental entity or political subdivision thereof, together with any related interest and any penalties, additions to such tax or additional amounts imposed with respect thereto by any Tax authority.

"Tax Proceeding" means any audit, examination, Claim or other administrative or judicial proceeding relating to Taxes or Tax Returns.

"Tax Return" shall mean any return, filing, questionnaire, information return, election or other document required or permitted to be filed, including requests for extensions of time, filings made with respect to estimated tax payments, claims for refund and amended returns that may be filed, for any period with any Tax authority (whether domestic or foreign) in connection with any Tax (whether or not a payment is required to be made with respect to such filing).

"Third Party Claim" is defined in Section 9.4(a).

"To the knowledge of Seller" or words of similar import with respect to a fact or matter means the actual knowledge of the executive officers of Seller listed on Schedule 1 after reasonable inquiry.

"Transition Services Agreement" means the Transition Services Agreement to be entered into between Seller and Purchaser on or prior to the Closing Date, relating to the provision by Purchaser to Seller of specified services.

"U.S. Asset Purchase Agreement" means the U.S. Asset Purchase Agreement, dated December 16, 2001, by and between Seller and Purchaser, as may be amended, modified or supplemented from time to time.

"U.S. GAAP" means generally accepted accounting principles as applied in the United States as of the date of this Agreement.

"Washington" means Washington Sub, Inc., a Delaware corporation.

"Washington Business" is defined in the Merger Agreement.

## ARTICLE II

## SALE AND PURCHASE OF STOCK

Section 2.1. Purchase and Sale of Shares and Minority Shares.

(a) Purchase and Sale of Shares. At the Closing, Seller shall sell, transfer, convey, assign and deliver to Purchaser, and Purchaser shall purchase, acquire and accept, the Shares, free and clear of any Encumbrances.

(b) Purchase and Sale of Minority Shares. At the Closing, Seller shall cause Minority Shareholder to sell, transfer, convey, assign and deliver to Minority Purchaser, and Purchaser shall cause Minority Purchaser to purchase, acquire and accept, the Minority Shares, free and clear of any Encumbrances.

Section 2.2. Purchase Price. The purchase price (the "Purchase Price") to be paid in the aggregate by Purchaser to Seller in consideration for the Shares and the Minority Shares shall be nineteen million one hundred ten thousand dollars (U.S.$19,110,000), payable, at the election of Purchaser, either (A) by wire transfer of immediately available funds at the Closing or (B) by delivery of the Promissory Note at the Closing; provided, however, that if Purchaser shall elect to pay the Purchase Price pursuant to clause (B), Purchaser shall provide written notice of such election to Seller no later than thirty (30) days prior to the Closing Date.

Section 2.3. Liabilities of Maquiladora. Purchaser acknowledges that subsequent to the Closing, except as specifically provided in Article X, Maquiladora will retain and be responsible for all Liabilities and obligations of Maquiladora, including any and all Liabilities or obligations that relate back to events prior to the Closing Date.

ARTICLE III

SELLER'S REPRESENTATIONS AND WARRANTIES

Seller hereby represents and warrants to Purchaser as of the date hereof and as of the Closing Date the following:

Section 3.1. Corporate Status, Good Standing and Authorization. Seller is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation, with all requisite corporate power and authority to own the Shares, except where the failure to have such power and authority, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Maquiladora is a sociedad anonima de capital variable duly incorporated and validly existing under the law of its jurisdiction of incorporation, with all requisite corporate power and authority to own and lease its properties and to conduct its business as presently conducted, except where the failure to have such power and authority, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Seller and Maquiladora are each duly licensed or qualified to do business as a foreign corporation in all states or jurisdictions in which the nature of its business requires such license or qualification, except where the failure to be so licensed or qualified, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Seller has heretofore delivered to Purchaser complete and correct copies of Maquiladora's Charter Documents.

Section 3.2. Authority; Enforceability. Seller has all requisite corporate power and authority to enter into this Agreement and perform its obligations under this Agreement. The execution, delivery and performance of this Agreement by Seller and the consummation by Seller of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Seller. This Agreement has been duly authorized, executed and delivered by Seller and is a legally valid and binding obligation of Seller (assuming that this Agreement constitutes the valid and binding obligation of Purchaser) and is enforceable against Seller in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and similar Laws relating to or affecting creditors generally or by general equity principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 3.3. Consents; No Conflicts or Violations. Except for the Consents set forth on Schedule 3.3 and Consents which if not obtained and maintained by Seller, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, there are no Consents of any Governmental Authority required

in connection with (i) Seller's execution and delivery of this Agreement and the other agreements, documents and instruments to be executed and delivered by Seller in connection herewith or (ii) the performance by Seller of its obligations herein or therein or the consummation by Seller of the transactions contemplated hereby or thereby. Assuming receipt of all of the Consents set forth on Schedule 3.3 (including any required HSR Act approval, any approval required by the Mexican Competition Commission under the Mexican Economic Competition Law and any approval by SECOFI (as defined below) of any change of any Permits held by Maquiladora), neither the execution or delivery by Seller of this Agreement nor the consummation by Seller of the transactions contemplated hereby will, with or without the giving of notice or the lapse of time or both, conflict with or result in a breach or violation of or give rise to a default or right of termination, amendment, cancellation or acceleration under (i) any provision of Seller's or Maquiladora's Charter Documents, (ii) any contract, agreement, note, bond, mortgage, indenture, lease, license, franchise, permit, concession, instrument or obligation to which Seller or Maquiladora is a party or by which any of their respective properties or assets are bound or (iii) any Law or license or other requirement to which Seller or Maquiladora or their respective properties or assets is subject, except, in the case of items (ii) and (iii) above only, for those which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

Section 3.4. Stock of Maquiladora. Maquiladora's Charter Documents authorize the issuance of 8,750 shares of fixed capital stock and an unlimited number of shares of variable capital stock, P$1.00 Mexican Pesos par value, of which 8,750 shares of fixed capital stock and 108,087,979 shares of variable capital stock are issued and outstanding. Seller owns directly 8,725 shares of fixed capital stock and 108,087,979 shares of variable capital stock and Minority Shareholder owns directly 25 shares of fixed capital stock of Maquiladora. All of the capital stock of Maquiladora has been duly authorized and is validly issued, fully paid and nonassessable and is owned by Seller and Minority Shareholder free and clear of all Encumbrances. There are no outstanding subscriptions, options, warrants, preemptive or contractual rights, voting trusts, privileges or any agreements to acquire any shares of capital stock of Maquiladora, or any securities or obligations of any kind convertible or exchangeable into any class of capital stock of Maquiladora. Maquiladora has no Subsidiaries and does not own any shares of capital stock or any other securities of any corporation and does not have any equity interest in any other Person.

Section 3.5. Permits. Seller and Maquiladora have or will have as of the Closing all Permits which are required in order to allow Seller to own the Shares or which are required in order to allow Maquiladora to own its assets and properties and to conduct its business as conducted as of the date hereof, including all Permits required from the Mexican Ministry of Commerce and Industrial Promotion ("SECOFI") or its successor, the Mexican Ministry of the Economy, except, in any such case, for such

Permits, which if not obtained or maintained, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Each of Seller and Maquiladora is and will be in compliance with each such Permit, except where the failure to so comply, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. No suspension or cancellation of any such Permits is or will be pending or, to the knowledge of Seller, threatened, except for suspensions or cancellations which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Seller will have delivered to Purchaser at or prior to Closing a list of all such Permits held or obtained as of the Closing Date, except for such Permits, which if not held or obtained, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

Section 3.6. Compliance with Laws. Except as disclosed on Schedule 3.6, (i) Maquiladora is in compliance in all material respects with all applicable Laws, including the Decree for the Development and Operation of Maquiladora Export Industry, as amended (the "Maquila Decree"), (ii) Seller is in compliance in all material respects with all Laws applicable with respect to the Shares, except in the case of (i) or (ii) above, where the failure to so comply, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, and (iii) to the knowledge of Seller, Maquiladora has not received within the past twelve (12) months any written notice or correspondence from any Governmental Authority to the effect that it is not in compliance with any such applicable Laws, except for such violations which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

Section 3.7. Financial Statements. Annexed hereto as Schedule 3.7 are true and correct copies of the Financial Statements. The Financial Statements fairly present the tangible assets and liabilities of Maquiladora in all material respects as of November 23, 2001 and the results of operations for the period indicated. Except as set forth on Schedule 3.7, since November 23, 2001, Maquiladora has not incurred any liabilities that are of a nature that would be required to be disclosed on a statement of assets and liabilities of Maquiladora or in the footnotes thereto prepared in conformity with U.S. GAAP, other than liabilities incurred in the ordinary course of business or that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

Section 3.8. Absence of Certain Changes or Events. Except as set forth on Schedule 3.8, since November 23, 2001, there has not been any Material Adverse Change or any event, change, circumstance or development which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Change. Without limiting the generality of the foregoing, except as set forth on Schedule 3.8, Maquiladora

has been operated since November 23, 2001 in the ordinary course of business consistent with past practice (except as may be expressly contemplated by this Agreement).

Section 3.9. Facility.

(a) Facility. Maquiladora owns good and marketable title to the Facility, free and clear of any Encumbrances, except for Permitted Encumbrances. To Seller's knowledge, there are no condemnation actions pending against the Facility. There are no material leases, licenses, concessions or occupancy agreements affecting the Facility. No interest of Seller or Maquiladora in the Facility is subject to any right of first refusal or right or option to purchase, lease or license the Facility or any portion therein.

(b) Zoning. Neither Seller nor, to the knowledge of Seller, Maquiladora has received notification or correspondence within the past twelve (12) months that it is in violation of any applicable building, zoning, health or other law, ordinance or regulation in respect to its stores, plants or structures or their operations of the Facility, except for such violations that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

Section 3.10. Litigation. Except as set forth on Schedule 3.10, there is no action, suit or proceeding or regulatory investigation pending or, to the knowledge of Seller, threatened against Seller, Minority Shareholder or Maquiladora or its business or operations affecting (i) Maquiladora or its business or operations, (ii) the Purchased Shares or (iii) this Agreement before any court or arbitrator or any governmental body, agency or official, except for those which, if adversely determined, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. None of Seller, Minority Shareholder or Maquiladora is a party to or subject to any judgment, order, rule, writ, injunction, or decree of any Governmental Authority or arbitrator which relates to or affects Maquiladora or the Purchased Shares, except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

Section 3.11. Maquiladora Employee Matters.

(a) Maquiladora Employees; Mexican Compensation Requirements. Schedule 3.11(a) contains a list of all current Employees of Maquiladora as of the date hereof. To the knowledge of Seller, Maquiladora is in compliance with all Mexican laws, rules and regulations with respect to severance, profit-sharing, Christmas bonus, vacation pay, vacation bonus, retirement, pension and other employee benefit matters (collectively "Mexican Compensation Requirements") applicable to its current and former Employees, except where the failure to so comply, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

(b) Benefit Plans. Schedule 3.11(b) lists all material employee pension benefit plans, employee welfare benefit plans, bonus, stock option, stock purchase, other equity compensation, deferred compensation, incentive compensation, severance, employee assistance plans and other employee fringe benefit plans (collectively, the "Benefit Plans") maintained, or contributed to, by Maquiladora or Seller for the benefit of any present or former Employees except for those Benefit Plans (i) required by any Mexican Governmental Authority and (ii) providing de minimis benefits.

(c) Compliance. To the knowledge of Seller, all employer and employee contributions to each Benefit Plan required by the terms of such Benefit Plan have been made, or, if applicable, accrued, in accordance with Seller's normal accounting practices.

Section 3.12. Maquiladora Labor Relations. Except as stated on Schedule 3.12, Maquiladora is not a signatory to any collective bargaining agreement with any trade union or labor organization. Except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, (i) to the knowledge of Seller, Maquiladora is not engaged in any unfair labor practice, (ii) there is no pending labor board proceeding of any kind with respect to Maquiladora and (iii) no walk out, strike or work stoppage by the Employees is in progress nor, to the knowledge of Seller, has notice of any such walk out, strike or work stoppage been filed or received by Maquiladora within the past twelve (12) months.

Section 3.13. Tax Matters.

(a) Tax Returns. All material Tax Returns required to be filed by Maquiladora have been timely filed. All such Tax Returns are true, correct and complete, except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. All Taxes shown as due and payable by or with respect to such Tax Returns have been timely paid in full.

(b) No Tax Proceedings. Except as set forth on Schedule 3.13(b), there are no Tax Proceedings presently pending with regard to any Tax Returns or Taxes of Maquiladora, and no notice has been received from any Governmental Authority of the expected commencement of such a Tax Proceeding.

(c) No Tax Liens. There are no Encumbrances for any Tax on the assets of Maquiladora, except for Permitted Encumbrances.

(d) No Consolidated Filings. Seller has not made an election under Code Section 1504(d) to treat Maquiladora as a member of Seller's affiliated group of

corporations filing a consolidated income tax return for United States income Tax purposes. No liability has been asserted against Maquiladora with respect to Taxes of any affiliated group within the meaning of Section 1504(a) of the Code of which Maquiladora has been a member.

(e) No Tax Liability. No liability has been asserted against Maquiladora with respect to Taxes of any other Person pursuant to any Tax allocation or sharing agreement with any such Person, or any agreement to indemnify any such Person with respect to Taxes.

(f) Tax Audits. Schedule 3.13(f) sets forth all income Tax Returns of Maquiladora that are under audit by the relevant taxing authority.

(g) No Trade or Business. Maquiladora is not engaged in the conduct of a "trade or business within the United States" within the meaning of Code Section 864(b).

(h) IRC Code Sections 956, 956A. Maquiladora does not have any of its earnings invested in United States property within the meaning of Code Section 956 and does not have "excess passive assets" within the meaning of Code Section 956A.

Section 3.14. Environmental Matters. Except as disclosed on Schedule 3.14 and except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, (i) Maquiladora and the Facility comply with all Environmental Laws, (ii) Maquiladora and the Facility are not subject to any action, cause of action, or other proceeding alleging the violation of any Environmental Law or relating to the presence, or release into the environment, of any Hazardous Material (collectively, "Environmental Claim"), (iii) Maquiladora has not received any notice or claim (A) that it is or has been in violation (or potential violation) of any Environmental Law or (B) alleging that Maquiladora is or may be responsible for any response, cleanup, or corrective action, including any remedial investigation/feasibility studies, under any Environmental Law, which notice is not resolved or otherwise remains pending, (iv) to Seller's knowledge, Maquiladora and the Facility are not the subject of any investigation by a Governmental Authority pursuant to an Environmental Law evaluating whether any remedial action or other response is needed to respond to spillage, disposal or release or threatened release into the environment of any Hazardous Material, (v) Maquiladora has not filed any notice under or relating to any such Environmental Law indicating or reporting any past or present spillage, disposal or release into the environment of, or treatment, storage or disposal of, any Hazardous Material which spill, release, treatment, storage or disposal has not been performed and/or addressed in accordance with Environmental Laws and (vi) to the knowledge of Seller as of the date hereof, there has been no release of Hazardous Materials at the Facility that would be reasonably likely to

form the basis of any Environmental Claim against Maquiladora. The representations and warranties in this Section 3.14 constitute the sole representations and warranties of Seller concerning environmental matters in this Agreement.

Section 3.15. Material Contracts of Maquiladora. Schedule 3.15 sets forth all of the following written agreements, commitments or contracts of Maquiladora as of the date of this Agreement (collectively, the "Maquiladora Contracts"):

(i) the assembly agreement with Seller whereby Seller transfers raw materials, components, parts and other inputs to Maquiladora and Maquiladora assembles, tests and ships finished products to Seller (the "Assembly Agreement");

(ii) all gratuitous bailment agreements with Seller whereby Seller gratuitously transfers equipment, machinery, tools and other similar capital equipment to be used by Maquiladora to assemble and test products (the "Bailment Agreements");

(iii) all agreements evidencing indebtedness for borrowed money in an amount in excess of two hundred fifty thousand dollars (U.S.$250,000) and all instruments constituting guarantees, sureties or indemnities of obligations of third parties in an amount in excess of two hundred fifty thousand dollars (U.S.$250,000);

(iv) all agreements restricting Maquiladora from conducting any business in any geographic location;

(v) all agreements for construction of improvements on the Facility in excess of two hundred fifty thousand dollars (U.S.$250,000), individually, or five hundred thousand dollars (U.S.$500,000), in the aggregate;

(vi) all agreements for the purchase, sale or lease of capital assets in excess of one hundred thousand dollars (U.S.$100,000), individually, or five hundred thousand dollars (U.S.$500,000), in the aggregate;

(vii) all agreements under which termination, severance or change in control payments may result due to a change of control of Maquiladora in an amount in excess of fifty thousand dollars (U.S.$50,000);

(viii) all agreements for the purchase or sale of any business or any division, material assets or operating unit thereof;

(ix) all agreements with individual Employees providing for payment in excess of fifty thousand dollars (U.S.$50,000) in any given year;

(x) all powers of attorney granted by Maquiladora;

(xi) all agreements evidencing loans made by Maquiladora to any Person, other than Employee advances in the ordinary course of business consistent with past practice or loans made to Affiliates;

(xii) all agreements committing Maquiladora to use the services of any vendor, supplier, licensor or licensee providing for payments in excess of five hundred thousand dollars (U.S.$500,000) in any given year; and

(xiii) all agreements (other than as set forth in (i)-(xii) above) that are not cancelable by Seller on notice of ninety (90) calendar days or less, without any material liability, penalty or premium or acceleration of any material benefits, and which require payment by Seller after the date hereof of more than five hundred thousand dollars (U.S.$500,000) in any given year.

True and correct copies of all Maquiladora Contracts have been made available to Purchaser. None of Maquiladora or, to the knowledge of Seller, any other party to any Maquiladora Contract, is in default under any Maquiladora Contract, except for such defaults that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. To the knowledge of Seller, no event has occurred with respect to any Maquiladora Contract which, with the lapse of time or the giving of notice or both, would constitute a default or give rise to any right of termination, amendment, cancellation or acceleration under any Maquiladora Contract, except for such as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

Section 3.16. No Brokers. Neither this Agreement nor the sale of the Shares or the Minority Shares was induced or procured through any Person acting on behalf of or representing Seller and no commissions or any other payment is due to any intermediary in connection therewith.

Section 3.17. Title to Properties. Maquiladora has good and valid title to all of its tangible properties and assets, except, in each case, where the failure to have such good and valid title, or valid leasehold interest, would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 3.18. Insurance. Seller maintains insurance coverage in respect of Maquiladora with reputable insurers in such amounts and covering such risks as is

deemed reasonably appropriate for its business (taking into account the cost and availability of such insurance).

Section 3.19. Separate Tax Parcel. To the knowledge of Seller, the Facility is designated as one or more separate tax parcels.

Section 3.20. Utilities, etc. The Facility has rights of access to public ways and is served by water, sewer, sanitary sewer and storm drain facilities adequate to service the Facility for its current uses.

## ARTICLE IV

## PURCHASER'S REPRESENTATIONS AND WARRANTIES

Purchaser hereby represents and warrants to Seller as of the date hereof and as of the Closing Date the following:

Section 4.1. Organization of Purchaser. Purchaser is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation.

Section 4.2. Authority; Enforceability. Purchaser has all requisite corporate power and authority to enter into this Agreement and perform its obligations under this Agreement. The execution, delivery and performance of this Agreement by Purchaser and the consummation by Purchaser of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Purchaser. This Agreement has been duly authorized, executed and delivered by Purchaser and is a legally valid and binding obligation of Purchaser (assuming that this Agreement constitutes the valid and binding obligation of Seller) and is enforceable against Purchaser in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and similar Laws relating to or affecting creditors generally or by general equity principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 4.3. Consents; No Conflicts or Violations. Except for the Consents set forth on Schedule 4.3 and the Consents which if not obtained and maintained by Purchaser, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on Purchaser's ability to consummate the transactions contemplated by this Agreement, there are no Consents of any Governmental Authorities required in connection with (i) Purchaser's execution and delivery of this

Agreement and the other agreements, documents and instruments to be executed and delivered by Purchaser in connection herewith or (ii) the performance by Purchaser of its obligations herein or therein or the consummation by Seller of the transactions contemplated hereby or thereby. Assuming receipt of all of the Consents set forth on Schedule 4.3 (including, any required HSR Act approval and any approval required by the Mexican Competition Commission under the Mexican Economic Competition Law), neither the execution or delivery by Purchaser of this Agreement nor the consummation by Purchaser of the transactions contemplated hereby will, with or without the giving of notice or the lapse of time or both, conflict with or result in a breach or violation of or give rise to a default or right of termination, amendment, cancellation or acceleration under (i) any provision of Purchaser's Charter Documents, (ii) any material contract, agreement, note, bond, mortgage, indenture, lease, license, franchise, permit, concession, instrument or obligation to which Purchaser is a party or by which any of its properties or assets are bound or (iii) any Law or license or other requirement to which Purchaser or its properties or assets is subject, except, in the case of items (ii) and (iii) above only, for those which, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on Purchaser's ability to consummate the transactions contemplated by this Agreement.

Section 4.4. Litigation. Except as set forth on Schedule 4.4, there is no action, suit or proceeding or regulatory investigation pending or, to the knowledge of Purchaser, threatened against Purchaser or Minority Purchaser affecting this Agreement before any court or arbitrator or any governmental body, agency or official, except for those which, if adversely determined, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on Purchaser's ability to consummate the transactions contemplated by this Agreement. Neither Purchaser nor Minority Purchaser is a party to or subject to any judgment, order, writ, injunction, or decree of any Governmental Authority or arbitrator, except as, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on Purchaser's ability to consummate the transactions contemplated by this Agreement.

Section 4.5. No Brokers. Neither this Agreement nor the purchase of the Shares or the Minority Shares was induced or procured through any Person acting on behalf of or representing Purchaser and no commissions or any other payment is due to any intermediary in connection therewith.

ARTICLE V

COVENANTS

The Parties hereby covenant as follows:

Section 5.1. Access.

(a) Access to Information by Purchaser Prior to Closing. Prior to Closing, subject to compliance with applicable laws, Seller and Maquiladora shall, upon reasonable request, afford to Purchaser and its Representatives reasonable access during normal business hours to all Books and Records and all books and records of Maquiladora. Purchaser shall coordinate its requests and activities under this Section 5.1 with Seller's need for security and will assist Seller in minimizing disruption to Maquiladora's normal business operations.

(b) Access to Information by Purchaser After Closing. From and after the Closing, Seller will afford to Purchaser and its Representatives (at Purchaser's expense) reasonable access and duplicating rights during normal business hours and upon reasonable advance notice to all Books and Records and all books and records within Seller's possession or control relating to Maquiladora, insofar as such access is reasonably required by Purchaser.

(c) Access to Books and Records by Seller. Purchaser shall, following the Closing, give Seller and its Representatives such access, during normal business hours and upon reasonable prior notice, to the Books and Records, the books and records of Maquiladora relating to periods prior to the Closing and such other documents as shall be reasonably necessary for Seller in connection with its performance of its obligations hereunder and for any other reasonable purposes, and Purchaser will allow Seller and its Representatives to make extracts and copies thereof as may be necessary for such purposes at Seller's expense. Purchaser shall preserve and protect the Books and Records and the books and records of Maquiladora relating to periods prior to the Closing in its possession and control for the period required by the applicable records retention policy of Seller in effect immediately prior to the Closing. Purchaser shall offer to deliver the Books and Records and the books and records of Maquiladora relating to periods prior to the Closing to Seller prior to their destruction or other disposition.

(d) Production of Witnesses. Subject to Section 5.1(e), after the Closing, each Party will, and Purchaser will cause Maquiladora to, make available to the other Party, upon written request and at the cost and expense of the Party so requesting, its directors, officers, employees and agents as witnesses to the extent that any such Person may reasonably be required (giving consideration to business demands of such

directors, officers, employees and agents) in connection with any Claims or administrative or other proceedings in which the requesting party may from time to time be involved and relating to Maquiladora's business or operations prior to the Closing or arising in connection with the relationship between the Parties and/or Maquiladora on or prior to the Closing Date, provided that the same shall not unreasonably interfere with the conduct of business by the Party of which the request is made.

(e) Confidentiality. From and after the Closing, each of Seller and Purchaser shall hold, and shall use reasonable efforts to cause its Affiliates and Representatives to hold, in strict confidence all Information concerning the other Party or Maquiladora in its possession or control prior to the Closing or furnished to it by another Party pursuant to the Merger and the transactions contemplated thereby and will not release or disclose such Information to any other Person, except its Affiliates and its and their Representatives, who will be bound by the provisions of this Section 5.1(e); provided, however, that any Person may disclose such Information to the extent that (a) disclosure is compelled by judicial or administrative process or, in the opinion of such Person's counsel, by other requirements of law (in which case the Party required to make such disclosure will notify the other Party as soon as practicable of such obligation or requirement and cooperate with the other Party to limit the Information required to be disclosed and to obtain a protective order or other appropriate remedy with respect to the Information ultimately disclosed) or (b) such Person can show that such Information was (i) available to such Person on a nonconfidential basis (other than from a Party) prior to its disclosure by such Person, (ii) in the public domain through no fault of such Person or (iii) lawfully acquired by such Person from another source after the time that it was furnished to such Person by the other Party or its Affiliates, Representatives or Subsidiaries, and not acquired from such source subject to any confidentiality obligation on the part of such source known to the acquiror, or on the part of the acquiror. Each Party acknowledges that it will be liable for any breach of this Section 5.1(e) by its Affiliates, Representatives and Subsidiaries. Notwithstanding the foregoing, each Party will be deemed to have satisfied its obligations under this Section 5.1(e) with respect to any Information (other than Privileged Information) if it exercises the same care with regard to such Information as it takes to preserve confidentiality for its own similar Information.

Section 5.2. Reasonable Best Efforts.

(a) Subject to the terms and conditions of this Agreement, each Party will use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, and to assist and cooperate with the other Party in doing or causing to be done, all things necessary, proper or advisable under this Agreement and applicable laws to consummate the transactions contemplated by this Agreement as soon as practicable after the date hereof, including (i) taking all reasonable actions to cause the

conditions set forth in ARTICLES VI and VII to be satisfied as promptly as practicable, (ii) preparing and filing as promptly as practicable all documentation to obtain as promptly as practicable all Consents set forth on Schedules 3.3 and 4.3 and (iii) taking all reasonable steps as may be necessary to obtain all Consents set forth on Schedules 3.3 and 4.3. In furtherance and not in limitation of the foregoing, each Party hereto agrees to make (i) an appropriate filing (if applicable) of a Notification and Report Form pursuant to the HSR Act and any comparable filings (if applicable) pursuant to the Mexican Economic Competition Act with respect to the transactions contemplated hereby as promptly as practicable after the date hereof and (ii) all other necessary filings with other Governmental Authorities relating to the transactions contemplated herein, and, in each case, to supply as promptly as practicable any additional information and documentary material that may be requested pursuant to such applicable laws or by such Governmental Authorities and to use reasonable best efforts to cause the expiration or termination of the applicable waiting periods under the HSR Act and the Mexican Economic Competition Act and the receipt of the Consents set forth on Schedules 3.3 and 4.3 under such other applicable laws or from such Governmental Authorities as soon as practicable.

(b) Each of Seller and Purchaser shall, in connection with the efforts referenced in Section 5.2(a) to obtain all Consents set forth on Schedules 3.3 and 4.3, use its reasonable best efforts to (i) cooperate in all respects with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initiated by a private party, (ii) promptly inform the other Party of any communication received by such Party from, or given by such Party to, the Antitrust Division of the Department of Justice (the "DOJ"), the Federal Trade Commission (the "FTC"), the Mexican Competition Commission or any other Governmental Authority and of any material communication received or given in connection with any proceeding by a private party, in each case regarding any of the transactions contemplated hereby, and (iii) permit the other Party to review any communication given by it to, and consult with each other in advance of any meeting or conference with, the DOJ, the FTC, the Mexican Competition Commission or any such other Governmental Authority or, in connection with any proceeding by a private party, with any other Person, and to the extent appropriate or permitted by the DOJ, the FTC, the Mexican Competition Commission or such other applicable Governmental Authority or other Person, give the other Party the opportunity to attend and participate in such meetings and conferences.

(c) In furtherance and not in limitation of the covenants of the Parties contained in Section 5.2(a) and Section 5.2(b), if any administrative or judicial action or proceeding, including any proceeding by a private party, is instituted (or threatened to be instituted) challenging any transaction contemplated by this Agreement as violative of any applicable laws, or if any statute, rule, regulation, executive order, decree, injunction or administrative order is enacted, entered, promulgated or enforced by a Governmental

Authority which would make transactions contemplated hereby illegal or would otherwise prohibit or materially impair or delay the consummation of the transactions contemplated hereby, each of the Parties shall cooperate in all respects with each other and use its respective reasonable best efforts to contest and resist any such action or proceeding and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the transactions contemplated by this Agreement and to have such statute, rule, regulation, executive order, decree, injunction or administrative order repealed, rescinded or made inapplicable so as to permit the consummation of the transactions contemplated by this Agreement.

(d) Notwithstanding the foregoing or any other provision of this Agreement, nothing in this Section 5.2 shall create an obligation by the Parties to take any action in addition to the actions required to be taken pursuant to the Merger Agreement to consummate the Merger.

Section 5.3. Conduct of Business by Seller and Maquiladora. From the date hereof until the Closing Date, Seller shall (and shall cause Maquiladora to), except as expressly required or permitted by this Agreement and except as otherwise consented to in writing by Purchaser:

(i) conduct the business and operations of Maquiladora in the ordinary course of business consistent with past practice, subject to Maquiladora's right to declare and pay cash dividends to its stockholders in respect of its capital stock prior to the Closing in accordance with applicable Law;

(ii) not engage Maquiladora in any new material line of business;

(iii) use its commercially reasonable efforts to preserve intact the business organization of Maquiladora and preserve the relationships of Maquiladora with its suppliers and others having business relations with Maquiladora;

(iv) maintain Maquiladora's existence in Mexico;

(v) not amend or modify Maquiladora's Charter Documents in any material respects;

(vi) not permit Maquiladora to declare, pay or set aside for payment any dividend or other distribution to its stockholders in respect of its capital stock, other than the declaration and payment of cash dividends by Maquiladora to its

stockholders in respect of its capital stock prior to the Closing in accordance with applicable Law;

(vii) not permit Maquiladora to create any subsidiary, acquire any capital stock or other equity securities of any corporation or acquire any equity or ownership interest in any business or entity;

(viii) not (A) permit Maquiladora to grant, create, incur, or suffer to exist any Encumbrance (other than a Permitted Encumbrance granted, created, incurred or suffered to exist in the ordinary course of business consistent with past practice) on the assets of Maquiladora which did not exist on the date hereof or (B) permit Maquiladora to create, incur or assume any indebtedness for borrowed money (other than indebtedness to Affiliates);

(ix) not permit Maquiladora to increase in any manner the base compensation of, or enter into any new bonus or incentive agreement or arrangement with, any Employees, directors or consultants other than in the ordinary course of business consistent with past practice;

(x) not permit Maquiladora to adopt or amend any Benefit Plan or to increase the benefits provided under any Benefit Plan other than in the ordinary course of business consistent with past practice;

(xi) not permit Maquiladora to make any material Tax election or settle or compromise any material Tax liability, other than in the ordinary course of business consistent with past practice or in accordance with Section 10.11(c) of this Agreement; and

(xii) not authorize, or commit or agree to take, any of the foregoing actions.

Section 5.4. Elimination of Intercompany Accounts. Except as set forth on Schedule 5.4, Seller (on behalf of itself and each of its Subsidiaries, other than Maquiladora), on the one hand, and Maquiladora, on the other hand, shall settle and eliminate, by cancellation or transfer to the other (in a manner to be determined by Seller), effective as of the Closing, all intercompany receivables, payables and other balances existing immediately prior to the Closing between Seller and/or any of Seller's Subsidiaries (other than Maquiladora), on the one hand, and Maquiladora, on the other hand. This Section 5.4 shall not affect any rights of any Party arising under this Agreement or any document, agreement or instrument entered into pursuant hereto.

Section 5.5. Intercompany Agreements. Effective as of the Closing, Seller and Maquiladora shall terminate (and, in the case of Seller, Seller shall cause all of Seller's Subsidiaries to terminate) all agreements between Seller and/or any of Seller's Subsidiaries, on the one hand, and Maquiladora, on the other hand, including the Assembly Agreement and the Bailment Agreements. This Section 5.5 shall not affect any rights of any Party arising under this Agreement or any document, agreement or instrument entered into pursuant hereto.

Section 5.6. Mutual Release. Effective as of the Closing and except as otherwise specifically set forth in this Agreement, each of Seller, on behalf of itself and each of Seller's Subsidiaries (other than Maquiladora), on the one hand, shall, and Seller shall cause Maquiladora, on the other hand, to, release and forever discharge the other Party and its Subsidiaries, and its and their respective officers, directors, agents, record and beneficial security holders (including trustees and beneficiaries of trusts holding such securities), advisors and Representatives (in each case, in their respective capacities as such) and their respective heirs, executors, administrators, successors and assigns, of and from all debts, demands, actions, causes of action, suits, accounts, covenants, contracts, agreements, damages, claims and Liabilities whatsoever of every name and nature, both in law and in equity, which the releasing party has or ever had or ever will have, which arise out of or relate to events, circumstances or actions taken by such other party occurring or failing to occur or any conditions existing at or prior to the Closing; provided, however, that the foregoing general release shall not apply to (i) any Liabilities or other obligations (including Liabilities with respect to payment, reimbursement, indemnification or contribution) under this Agreement or any other document, agreement or instrument entered into pursuant to this Agreement or assumed, transferred, assigned, allocated or arising under this Agreement or any other document, agreement or instrument entered into pursuant to this Agreement (including any Liability that the Parties may have with respect to payment, performance, reimbursement, indemnification or contribution pursuant to this Agreement or any other document agreement or instrument entered into pursuant to this Agreement for claims brought against the Parties by third Persons or any Indemnified Party), and the foregoing release will not affect any Party's right to enforce this Agreement or any other document agreement or instrument entered into pursuant to this Agreement in accordance with their respective terms or (ii) any Liability the release of which would result in the release of any Person other than a Person released pursuant to this Section 5.6 (provided, that the Parties agree not to bring suit or permit any of their Subsidiaries to bring suit against any Party, its Subsidiaries or Affiliates with respect to any Liability to the extent such Party, its Subsidiaries and Affiliates would be released with respect to such Liability by this Section 5.6 but for this clause (ii)).

Each of Seller and Purchaser acknowledges that it has been advised by its legal counsel and is familiar with the provisions of California Civil Code Section 1542, which provides as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Being aware of said Code section, each of Seller, on behalf of itself and Seller's Subsidiaries, and Purchaser, on behalf of itself and Maquiladora, hereby expressly waives any rights it may have under California Civil Code Section 1542, as well as any other statutes or common law principles of similar effect.

Section 5.7. Public Announcements. The Parties shall use reasonable best efforts to develop a joint communications plan and each Party shall use reasonable best efforts (i) to ensure that all press releases and other public statements with respect to the transactions contemplated hereby shall be consistent with such joint communications plan, and (ii) unless otherwise required by applicable laws or by obligations pursuant to any listing agreement with or rules of any securities exchange or automated quotation system, to consult with each other before issuing any press release or, to the extent practicable, otherwise making any public statement with respect to this Agreement or the transactions contemplated hereby.

Section 5.8. Supplements to Schedules. From time to time up to the Closing, Seller and Purchaser may supplement or amend the Schedules after they have been delivered pursuant to this Agreement with respect to any matter first existing or occurring on or after the date hereof which, if existing or occurring at or prior to the date hereof, would have been required to be set forth or described in such Schedules or which is necessary to correct any information in such Schedules which has been rendered inaccurate thereby; provided, however, that if any facts that give rise to such matter existed or occurred on or before the date hereof, no such supplement or amendment may be made under this Section 5.8 with respect thereto. Any such supplement or amendment to any Schedule shall not, following Closing, constitute a basis for any Claim for indemnification pursuant to 0; provided, however, that no such supplement or amendment shall be deemed to cure any breach of any representations or warranties made pursuant to this Agreement for purposes of Section 7.1(a) or Section 7.2(a).

Section 5.9. Insurance.

(a) Coverage. Subject to the provisions of this Section 5.9, coverage of Maquiladora under all Policies shall cease as of the Closing. From and after the Closing, Purchaser will be responsible for obtaining and maintaining all insurance coverages for Maquiladora. All Policies will be retained by Seller and Seller's Subsidiaries, together with all rights, benefits and privileges thereunder (including the right to receive any and all return premiums with respect thereto), except that Purchaser will have the rights in respect of Policies to the extent described in Section 5.9(b).

(b) Rights Under Policies. From and after the Closing, Purchaser and Maquiladora will have no rights with respect to any Policies, except that (i) Purchaser will have the right to assert claims (and Seller will use commercially reasonable efforts to assist Purchaser in asserting claims) for any loss, liability or damage with respect to the assets of Maquiladora under Policies with third-party insurers which are "occurrence basis" insurance policies ("Occurrence Basis Policies") arising out of insured incidents occurring from the date coverage thereunder first commenced until the Closing to the extent that the terms and conditions of any such Occurrence Basis Policies and agreements relating thereto so allow and (ii) Purchaser will have the right to continue to prosecute claims with respect to the assets of Maquiladora properly asserted with an insurer prior to the Closing (and Seller will use commercially reasonable efforts to assist Purchaser in connection therewith) under Policies with third-party insurers which are insurance policies written on a "claims made" basis ("Claims Made Policies") arising out of insured incidents occurring from the date coverage thereunder first commenced until the Closing to the extent that the terms and conditions of any such Claims Made Policies and agreements relating thereto so allow, provided, that in the case of both clauses (i) and (ii) above, (A) all of Seller's reasonable out-of-pocket costs and expenses incurred in connection with the foregoing are promptly paid by Purchaser, (B) Seller may, at any time, without liability or obligation to Purchaser (other than as set forth in Section 5.9(c)), amend, commute, terminate, buy-out, extinguish liability under or otherwise modify any Occurrence Basis Policies or Claims Made Policies (and such claims shall be subject to any such amendments, commutations, terminations, buy-outs, extinguishments and modifications), (C) such claims will be subject to (and recovery thereon will be reduced by the amount of) any applicable deductibles, retentions or self-insurance provisions, (D) such claims will be subject to (and recovery thereon will be reduced by the amount of) any payment or reimbursement obligations of Seller, any of Seller's Subsidiaries or any Affiliate of Seller or any of Seller's Subsidiaries in respect thereof and (E) such claims will be subject to exhaustion of existing aggregate limits. Seller's obligation to use commercially reasonable efforts to assist Purchaser in asserting claims under applicable Policies will include using commercially reasonable efforts in assisting Purchaser to establish its right to coverage under such Policies (so long as all of Seller's reasonable out-of-pocket costs and expenses in connection therewith are promptly paid by Purchaser). None of Seller or Seller's Subsidiaries will bear any

Liability for the failure of an insurer to pay any claim under any Policy. It is understood that any Claims Made Policies will not provide any coverage to Purchaser for incidents occurring prior to the Closing but which are asserted with the insurance carrier after the Closing.

(c) Seller Actions. In the event that after the Closing, Seller proposes to amend, commute, terminate, buy-out, extinguish liability under or otherwise modify any Policies under which Purchaser has rights to assert claims pursuant to Section 5.9(b) in a manner that would adversely affect any such rights of Purchaser, (i) Seller will give Purchaser prior notice thereof and consult with Purchaser with respect to such action (it being understood that the decision to take any such action will be in the sole discretion of Seller) and (ii) Seller will pay to Purchaser its equitable share (which shall be determined by Seller in good faith based on the amount of premiums paid by or allocated to Purchaser or Maquiladora in respect of the applicable Policy) of any net proceeds actually received by Seller from the insurer under the applicable Policy as a result of such action by Seller (after deducting Seller's reasonable costs and expenses incurred in connection with such action).

(d) Administration. From and after the Closing:

(i) Seller or a Subsidiary of Seller, as appropriate, will be responsible for the Claims Administration with respect to claims of Seller and Seller's Subsidiaries under Policies; and

(ii) Purchaser will be responsible for the Claims Administration with respect to claims of Purchaser under Policies.

(e) Insurance Premiums. From and after the Closing, Seller will pay all premiums (retrospectively-rated or otherwise) as required under the terms and conditions of the respective Policies in respect of periods prior to the Closing, whereupon Purchaser will upon the request of Seller, forthwith reimburse Seller for that portion of such premiums paid by Seller as are reasonably determined by Seller to be attributable to Maquiladora.

(f) Agreement for Waiver of Conflict and Shared Defense. In the event that a Policy provides coverage for both Seller and/or a Subsidiary of Seller, on the one hand, and Purchaser, on the other hand, relating to the same occurrence, Seller and Purchaser agree to defend jointly and to waive any conflict of interest necessary to the conduct of that joint defense. Nothing in this Section 5.9(f) will be construed to limit or otherwise alter in any way the indemnity obligations of the parties to this Agreement, including those created by this Agreement, by operation of law or otherwise.

Section 5.10. Transition Services Agreement. Promptly following the date hereof, Purchaser and Seller will discuss the scope, nature, term and pricing of the transition services to be provided by Seller to Purchaser following the Closing pursuant to the Transition Services Agreement. Purchaser and Seller will negotiate in good faith with respect thereto and prior to the Effective Time will enter into the Transition Services Agreement in a form reasonably satisfactory to Purchaser and Seller. The Transition Services Agreement will provide that either Party may terminate any services provided under the Transition Services Agreement upon such prior written notice as the Parties shall mutually agree prior to the Closing.

Section 5.11. Post-Closing Adjustment. Within seven Business Days following the Closing, Purchaser shall pay or cause Maquiladora to pay to Seller, by wire transfer of immediately available funds to an account designated by Seller in writing, an amount equal to the bank cash of Maquiladora as reported by Maquiladora's bank as of the close of business on the Closing Date as an adjustment to the Purchase Price. All payments made under this Section 5.11 shall be made in United States dollars. For purposes of calculating the United States dollar amount due under this Section 5.11, Mexican peso amounts will be converted at the noon buying rate for Mexican pesos on the date of the payment as reported by the Federal Reserve Bank of New York.

## ARTICLE VI

## CONDITIONS TO SELLER'S AND PURCHASER'S OBLIGATIONS

The obligations of Seller and Purchaser to complete the transactions contemplated by this Agreement are subject to the satisfaction, on or prior to the Closing, of each of the following conditions precedent; provided, however, that upon consummation of the Merger, all conditions precedent contained in this ARTICLE VI shall be deemed fully satisfied for purposes of this ARTICLE VI:

Section 6.1. HSR Act. The waiting period (and any extension thereof) applicable to the transactions contemplated by this Agreement under the HSR Act shall have been terminated or shall have expired.

Section 6.2. Mexican Competition Commission Approval. Seller and Purchaser shall have received the required consent or approval of the Mexican Competition Commission.

Section 6.3. No Injunctions or Restraints, Illegality. No Laws shall have been adopted, promulgated or enforced by any Governmental Authority, and no

temporary restraining order, preliminary or permanent injunction or other order issued by a court or other Governmental Authority of competent jurisdiction (an "Injunction") shall be in effect, having the effect of making the transactions contemplated under this Agreement illegal or otherwise prohibiting such transactions. No proceeding initiated by any Governmental Authority seeking, and which is reasonably likely to result in the granting of, an Injunction shall be pending.

Section 6.4. Completion of the Merger. The Merger shall have been consummated.

## ARTICLE VII

## ADDITIONAL CONDITIONS TO SELLER'S AND PURCHASER'S OBLIGATIONS

Section 7.1. Conditions to Seller's Obligations. The obligations of Seller to complete the transactions contemplated by this Agreement are subject to the satisfaction, on or prior to the Closing, of each of the following conditions precedent; provided, however, that upon consummation of the Merger, all conditions precedent contained in this Section 7.1 shall be deemed fully satisfied for purposes of this ARTICLE VII:

(a) Representations, Warranties and Covenants. Each of the representations and warranties of Purchaser contained in this Agreement shall be true and correct (without giving effect to any qualification or limitation as to materiality or material adverse effect set forth therein) in each case as of the date hereof and (except to the extent that such representations and warranties speak solely as to another date) as of the Closing Date as though made on and as of the Closing Date, except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on the ability of Purchaser to consummate the transactions contemplated in this Agreement.

(b) Performance of Obligations of Purchaser. Purchaser (i) shall have performed or complied with all agreements and covenants required to be performed by it under this Agreement at or prior to the Closing Date that are qualified as to materiality or material adverse effect and (ii) shall have performed or complied in all material respects with all other agreements and covenants required to be performed by it under this Agreement at or prior to the Closing Date that are not so qualified.

Section 7.2. Conditions to Purchaser's Obligations. The obligations of Purchaser to complete the transactions contemplated by this Agreement are subject to the

satisfaction, on or prior to the Closing, of each of the following conditions precedent; provided, however, that upon consummation of the Merger, all conditions precedent contained in this Section 7.2 shall be deemed fully satisfied for purposes of this ARTICLE VII:

(a) Representations, Warranties and Covenants. Each of the representations and warranties of Seller contained in this Agreement shall have been true and correct (without giving effect to any qualification or limitation as to materiality or Material Adverse Effect set forth therein) in each case as of the date hereof and (except to the extent that such representations and warranties speak solely as to another date) as of the Closing Date as though made on and as of the Closing Date, except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not reasonably be expected to have a Closing Material Adverse Effect.

(b) Performance of Obligations of Seller. Seller (i) shall have performed or complied with all agreements and covenants required to be performed by it under this Agreement at or prior to the Closing Date that are qualified as to materiality or Material Adverse Effect and (ii) shall have performed or complied in all material respects with all other agreements and covenants required to be performed by it under this Agreement at or prior to the Closing Date that are not so qualified.

## ARTICLE VIII

## CLOSING

The Closing shall, unless another time and date is agreed to in writing by the Parties, take place immediately following the Closing (as defined in the Merger Agreement) under the Merger Agreement and will be effective immediately following the Effective Time (the time and date of such Closing being herein called the "Closing Date"). The Closing will take place at the offices of Chadbourne & Parke LLP, 30 Rockefeller Plaza, New York, New York 10112, or such other place as the Parties may agree. On the Closing Date, the Parties hereto shall deliver the following:

Section 8.1. Deliveries by Seller. At the Closing, Seller shall deliver to Purchaser (or shall cause the delivery to Purchaser of) the following which in the case of documents shall be reasonably satisfactory to Purchaser:

(i) a stock certificate or certificates representing the Shares, duly endorsed by Seller to Purchaser sufficient to transfer to Purchaser good and marketable title to the Shares, and evidence that such transfer to Purchaser of the Shares has been recorded on the Maquiladora's stock registry book;

(ii) the Seller's Contrato de Compra-Venta de Acciones, duly executed by Seller, in form and substance reasonably satisfactory to Purchaser;

(iii) the Supply Agreement, duly executed by Seller, in form and substance reasonably satisfactory to Purchaser;

(iv) the Transition Services Agreement, duly executed by Seller, in form and substance reasonably satisfactory to Purchaser; and

(v) a duly sworn affidavit of Seller, dated as of the Closing Date, stating that Seller is not a "foreign person" as that term is defined in the Code, setting forth Seller's tax identification numbers and otherwise meeting the requirements of Section 1445(b)(2) of the Code and the Treasury Regulations promulgated thereunder.

Section 8.2. Deliveries by Minority Shareholder. At the Closing, Seller shall cause Minority Shareholder to deliver to Minority Purchaser the following documents, which shall be reasonably satisfactory to Purchaser:

(i) a stock certificate or certificates representing the Minority Shares, duly endorsed by Minority Shareholder sufficient to transfer to Purchaser good and marketable title to the Minority Shares to Minority Purchaser, and evidence that such transfer of the Minority Shares has been recorded on the Maquiladora's stock registry book;

(ii) the Minority Shareholder's Contrato de Compra-Venta de Acciones, duly executed by Minority Shareholder, in form and substance reasonably satisfactory to Purchaser; and

(iii) a duly sworn affidavit of Minority Shareholder, dated as of the Closing Date, stating that Minority Shareholder is not a "foreign person" as that term is defined in the Code, setting forth Minority Shareholder's tax identification numbers and otherwise meeting the requirements of Section 1445(b)(2) of the Code and the Treasury Regulations promulgated thereunder.

Section 8.3. Deliveries by Purchaser. At the Closing, Purchaser shall deliver to Seller the following, which in the case of documents shall be reasonably satisfactory to Seller:

(i) (A) cash payment of the portion of the Purchase Price (via wire transfer of immediately available funds), pursuant to Section 2.2, or (B) the Promissory Note, duly executed by Purchaser, in which case, Purchaser shall

deliver to Seller at Closing, in addition to the other deliveries required hereby, (I) the Financing Agreement, duly executed by Purchaser, and (II) such notices, recordings, mortgages, statements, filings, instruments or other agreements and documents as shall be required pursuant to the terms of the Financing Agreement;

(ii) the Seller's Contrato de Compra-Venta de Acciones, duly executed by Purchaser, in form and substance reasonably satisfactory to Seller;

(iii) the Supply Agreement, duly executed by Purchaser, in form and substance reasonably satisfactory to Seller; and

(iv) the Transition Services Agreement, duly executed by Purchaser, in form and substance reasonably satisfactory to Seller.

Section 8.4. Deliveries by Minority Purchaser. At the Closing, Purchaser shall cause Minority Purchaser to deliver to the Minority Shareholder the following, which in the case of documents shall be reasonably satisfactory to Minority Shareholder:

(i) the Minority Shareholder's Contrato de Compra-Venta de Acciones duly executed by Minority Purchaser, in form and substance reasonably satisfactory to Seller.

## ARTICLE IX

## INDEMNIFICATION

Section 9.1. Indemnification by Seller. Subject to the limitations on and procedures for indemnification set forth in this 0, Seller shall indemnify, defend and hold harmless Purchaser and its Representatives and Affiliates and each of the heirs, executors, successors and assigns of any of the foregoing (the "Purchaser Indemnified Parties") from and against, and pay or reimburse, as the case may be, the Purchaser Indemnified Parties for, any Damages, as incurred, suffered by any Purchaser Indemnified Parties to the extent based upon, arising out of or relating to the following:

(i) the breach of any representation or warranty of Seller contained in this Agreement; or

(ii) the breach by Seller of any covenant or agreement of Seller contained in this Agreement.

Section 9.2. Indemnification by Purchaser. Subject to the limitations on and procedures for indemnification set forth in this ARTICLE IX, Purchaser shall

indemnify, defend and hold harmless Seller and its Representatives and Affiliates and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Seller Indemnified Parties") from and against, and pay or reimburse, as the case may be, the Seller Indemnified Parties for, any Damages, as incurred, suffered by any Seller Indemnified Parties to the extent based upon, arising out of or relating to the following:

(i) the breach of any representation or warranty of Purchaser contained in this Agreement;

(ii) the breach by Purchaser of any covenant or agreement of Purchaser contained in this Agreement; or

(iii) any Liabilities of Maquiladora, except to the extent that Seller is or would be required to indemnify an Indemnified Party for such Liability under Section 9.1(i) (assuming for purposes of the determination of whether such indemnification is or would be required that (A) the indemnification obligation has not terminated under Section 9.6 and (B) any relevant representations or warranties have not expired under Section 12.4).

Section 9.3. Limitations on Indemnification Obligations. (a) The amount which any Party (an "Indemnifying Party") is or may be required to pay to any Person (an "Indemnified Party") in respect of Damages or other Liability for which indemnification is provided under this Agreement shall be reduced by any amounts actually received (including Insurance Proceeds actually received) by or on behalf of such Indemnified Party (net of increased insurance premiums and charges to the extent related to Damages and costs and expenses (including reasonable legal fees and expenses) incurred by such Indemnified Party in connection with seeking to collect and collecting such amounts) in respect of such Damages or other Liability (such net amounts are referred to herein as "Indemnity Reduction Amounts"). If any Indemnified Party receives any Indemnity Reduction Amounts in respect of Damages for which indemnification is provided under this Agreement after the full amount of such Damages has been paid by an Indemnifying Party or after an Indemnifying Party has made a partial payment of such Damages and such Indemnity Reduction Amounts exceed the remaining unpaid balance of such Damages, then the Indemnified Party shall promptly remit to the Indemnifying Party an amount equal to the excess (if any) of (A) the amount theretofore paid by the Indemnifying Party in respect of such Damages, less (B) the amount of the indemnity payment that would have been due if such Indemnity Reduction Amounts in respect thereof had been received before the indemnity payment was made.

(b) In determining the amount of any indemnity payment under this Agreement, such amount shall be (i) reduced to take into account any net Tax benefit realized by the Indemnified Party and its Affiliates arising from the incurrence or

payment by the Indemnified Party or its Affiliates of any amount in respect of which such payment is made and (ii) increased to take into account any net Tax cost incurred by the Indemnified Party and its Affiliates as a result of the receipt or accrual of payments hereunder (grossed-up for such increase), in each case determined by treating the Indemnified Party and its Affiliates as recognizing all other items of income, gain, loss, deduction or credit before recognizing any item arising from the receipt of accrual of any payment hereunder. In determining the amount of any such Tax benefit or Tax cost, the Indemnified Party and its Affiliates shall be deemed to be subject to the applicable Taxes at the maximum statutory rate then in effect. It is the intention of the Parties to this Agreement that payments made pursuant to this Agreement are to be treated as relating back to the Closing Date as a purchase price adjustment, and the Parties shall not take any position inconsistent with such intention before any Tax authority, except to the extent that a final determination (as defined in Section 1313 of the Code) with respect to the recipient party causes any such payment not to be so treated.

(c) No monetary amount will be payable by Seller to any Purchaser Indemnified Party with respect to the indemnification of any claims pursuant to Section 9.1(i) until the aggregate amount of Damages actually incurred by the Purchaser Indemnified Parties with respect to such claims, together with the aggregate amount of Damages (as defined in the Mexican Asset Purchase Agreement) actually incurred by the Purchaser Indemnified Parties (as defined in the Mexican Asset Purchase Agreement) with respect to indemnification claims pursuant to Section 9.1(i) of the Mexican Asset Purchase Agreement, shall exceed on a cumulative basis an amount equal to one million dollars (U.S.$1,000,000), in which event Seller shall be responsible only for the amount of such Damages in excess of one million dollars (U.S.$1,000,000). No monetary amount will be payable by Seller to any Purchaser Indemnified Party with respect to the indemnification of any claims pursuant to Section 9.1(i) after the aggregate amount of Damages actually paid by Seller with respect to such claims, together with the aggregate amount of Damages (as defined in the Mexican Asset Purchase Agreement) actually paid by Seller with respect to indemnification claims pursuant to Section 9.1(i) of the Mexican Asset Purchase Agreement, shall equal on a cumulative basis an amount equal to ten million dollars (U.S.$10,000,000).

(d) No monetary amount will be payable by Purchaser to any Seller Indemnified Party with respect to the indemnification of any claims pursuant to Section 9.2(i) until the aggregate amount of Damages actually incurred by the Seller Indemnified Parties with respect to such claims, together with the aggregate amount of Damages (as defined in the Mexican Asset Purchase Agreement) actually incurred by the Seller Indemnified Parties (as defined in the Mexican Asset Purchase Agreement) with respect to indemnification claims pursuant to Section 9.2(i) of the Mexican Asset Purchase Agreement, shall exceed on a cumulative basis an amount equal to one million dollars (U.S.$1,000,000), in which event Purchaser shall be responsible only for the

amount of such Damages in excess of one million dollars (U.S.$1,000,000). No monetary amount will be payable by Purchaser to any Seller Indemnified Party with respect to the indemnification of any claims pursuant to Section 9.2(i) after the aggregate amount of Damages actually paid by Purchaser with respect to such claims, together with the aggregate amount of Damages (as defined in the Mexican Asset Purchase Agreement) actually paid by Purchaser with respect to indemnification claims pursuant to Section 9.2(i) of the Mexican Asset Purchase Agreement, shall equal on a cumulative basis an amount equal to ten million dollars (U.S.$10,000,000).

Section 9.4. Procedures Relating to Indemnification. (a) If a claim or demand is made against an Indemnified Party, or an Indemnified Party shall otherwise learn of an assertion, by any Person who is not a party to this Agreement (or an Affiliate thereof) as to which an Indemnifying Party may be obligated to provide indemnification pursuant to this Agreement (a "Third Party Claim"), such Indemnified Party will notify the Indemnifying Party in writing, and in reasonable detail, of the Third Party Claim reasonably promptly after becoming aware of such Third Party Claim; provided, however, that failure to give such notification will not affect the indemnification provided hereunder except to the extent the Indemnifying Party shall have been actually prejudiced as a result of such failure. Thereafter, the Indemnified Party will deliver to the Indemnifying Party, promptly after the Indemnified Party's receipt thereof, copies of all material notices and documents (including court papers) received or transmitted by the Indemnified Party's relating to the Third Party Claim.

(b) If a Third Party Claim is made against an Indemnified Party, the Indemnifying Party will be entitled to participate in or to assume the defense thereof (in either case, at the expense of the Indemnifying Party) with counsel selected by the Indemnifying Party and reasonably satisfactory to the Indemnified Party. Should the Indemnifying Party so elect to assume the defense of a Third Party Claim, the Indemnifying Party will not be liable to the Indemnified Party for any legal or other expenses subsequently incurred by the Indemnified Party in connection with the defense thereof; provided, however, that if in the Indemnified Party's reasonable judgment a conflict of interest exists in respect of such claim or if the Indemnifying Party shall have assumed responsibility for such claim with any reservations or exceptions, such Indemnified Party will have the right to employ separate counsel reasonably satisfactory to the Indemnifying Party to represent such Indemnified Party and in that event the reasonable fees and expenses of such separate counsel (but not more than one separate counsel for all Indemnified Parties similarly situated) shall be paid by such Indemnifying Party. If the Indemnifying Party assumes the defense of any Third Party Claim, the Indemnified Party will have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Indemnifying Party, it being understood that the Indemnifying Party will control such defense. The Indemnifying Party will be liable for the reasonable fees and expenses of counsel

employed by the Indemnified Party for any period during which the Indemnifying Party has failed to assume the defense thereof. If the Indemnifying Party assumes the defense of any Third Party Claim, the Indemnifying Party will promptly supply to the Indemnified Party copies of all material correspondence and documents relating to or in connection with such Third Party Claim and keep the Indemnified Party fully informed of all material developments relating to or in connection with such Third Party Claim (including providing to the Indemnified Party on request updates and summaries as to the status thereof). If the Indemnifying Party chooses to defend a Third Party Claim, the Parties will cooperate in the defense thereof (such cooperation to be at the expense, including reasonable legal fees and expenses, of the Indemnifying Party), which cooperation shall include the retention in accordance with this Agreement and (upon the Indemnifying Party's request) the provision to the Indemnifying Party of records and information which are reasonably relevant to such Third Party Claim, and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

(c) No Indemnifying Party will consent to any settlement, compromise or discharge (including the consent to entry of any judgment) of any Third Party Claim without the Indemnified Party's prior written consent (which consent will not be unreasonably withheld); provided, however, that if the Indemnifying Party assumes the defense of any Third Party Claim, the Indemnified Party will agree to any settlement, compromise or discharge of such Third Party Claim which the Indemnifying Party may recommend and which by its terms obligates the Indemnifying Party to pay the full amount of Damages in connection with such Third Party Claim and unconditionally and irrevocably releases the Indemnified Party and its Affiliates completely from all Liability in connection with such Third Party Claim; provided, however, that the Indemnified Party may refuse to agree to any such settlement, compromise or discharge (x) that provides for injunctive or other non-monetary relief affecting the Indemnified Party or any of its Affiliates or (y) that, in the reasonable opinion of the Indemnified Party, would otherwise materially adversely affect the Indemnified Party or any of its Affiliates. Whether or not the Indemnifying Party shall have assumed the defense of a Third Party Claim, the Indemnified Party will not (unless required by law) admit any liability with respect to, or settle, compromise or discharge, such Third Party Claim without the Indemnifying Party's prior written consent (which consent will not be unreasonably withheld).

(d) Any claim on account of Damages which does not involve a Third Party Claim will be asserted by reasonably prompt written notice given by the Indemnified Party to the Indemnifying Party from whom such indemnification is sought. The failure by any Indemnified Party to so notify the Indemnifying Party will not relieve the Indemnifying Party from any liability which it may have to such Indemnified Party

under this Agreement, except to the extent that the Indemnifying Party shall have been actually prejudiced by such failure.

(e) In the event of payment in full by an Indemnifying Party to any Indemnified Party in connection with any Third Party Claim, such Indemnifying Party will be subrogated to and shall stand in the place of such Indemnified Party as to any events or circumstances in respect of which such Indemnified Party may have any right or claim relating to such Third Party Claim against any claimant or plaintiff asserting such Third Party Claim or against any other Person. Such Indemnified Party will cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right or claim.

Section 9.5. Sole and Exclusive Remedy. The indemnities contained in this ARTICLE IX and ARTICLE X shall be the sole and exclusive remedies of the Parties hereto, their Affiliates, successors and assigns with respect to any and all claims arising out of or relating to this Agreement, the transactions contemplated hereby, any provision hereof or the breach or performance thereof.

Section 9.6. Termination of Indemnification Obligations. Except as set forth in the following sentence, the indemnification obligations of each of Seller and Purchaser hereunder will survive the Closing, including surviving the sale or other transfer by any party to this Agreement of any assets or businesses or the assignment by any party of any Liabilities. The obligations of each Party to indemnify, defend and hold harmless Indemnified Parties (i) pursuant to Sections 9.1(i) and 9.2(i), shall terminate when the applicable representation or warranty expires pursuant to Section 12.4, (ii) pursuant to Sections 9.1(ii) and 9.2(ii) shall terminate upon the expiration of all applicable statutes of limitation (giving effect to any extensions thereof, other than extensions caused by the applicable Indemnified Party) and (iii) pursuant to Section 9.2(iii) shall continue without time limitation and shall not terminate at any time; provided, however, that as to clauses (i) and (ii) above, such obligations to indemnify, defend and hold harmless shall not terminate with respect to any individual claim as to which the Indemnified Party shall have, before the expiration of the applicable period, previously delivered a notice (stating in reasonable detail the basis of such claim) to the Indemnifying Party.

Section 9.7. Effect of Investigation. The right to indemnification pursuant to Sections 9.1(i) and 9.2(i) shall not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement.

Section 9.8. Tax Matters. Notwithstanding anything in Sections 9.1, 9.2, 9.4 or 9.5 to the contrary, ARTICLE X will be the exclusive agreement among the Parties with respect to indemnification, procedures and remedies with respect to Tax matters.

## ARTICLE X

## TAX MATTERS

Section 10.1. Preparation and Filing of Tax Returns. Seller shall prepare and file or cause to be prepared and filed all Tax Returns (including amendments thereto) which are required to be filed in respect of Maquiladora for any taxable period ending on or before the Closing Date and any taxable period that includes (but does not end on) the Closing Date (a "Straddle Period"). Purchaser hereby irrevocably designates, and agrees to cause each of its Affiliates to designate, Seller as its agent to take any and all actions necessary or incidental to the preparation and filing of such Tax Returns. All Tax Returns (including amendments thereto) required to be filed in respect of Maquiladora for taxable periods beginning after the Closing Date shall be the responsibility of Purchaser.

Section 10.2. Consistent with Past Practice. Unless Seller and Purchaser otherwise agree in writing, all Tax Returns (including amendments thereto) described in Section 10.1 filed after the Closing Date for taxable periods ending on or before the Closing Date or Straddle Periods, in the absence of a controlling change in law or circumstances, shall be prepared on a basis consistent with the elections, accounting methods, conventions and principles of taxation used for the most recent taxable periods for which Tax Returns involving similar matters have been filed. Upon request of Purchaser, Seller shall make available a draft of such Tax Return (or relevant portions thereof) for review and comment by Purchaser. Subject to the provisions of this Agreement, all decisions relating to the preparation of Tax Returns shall be made in the sole discretion of the party responsible under this Agreement for such preparation.

Section 10.3. Payment of Taxes. Except as otherwise provided in this Agreement, Seller shall pay or cause to be paid, on a timely basis, all Taxes due with respect to the Tax liability of Maquiladora for taxable periods ending on or before the Closing Date or Straddle Periods provided, however, that Purchaser, on behalf of Maquiladora, hereby assumes and agrees to pay directly to or at the direction of Seller, at least five days prior to the date payment (including estimated payment) thereof is due, the portion of such Taxes for that portion of any Straddle Period which begins on the day after the Closing Date (calculated pursuant to Section 10.4) which relates to Maquiladora or its business, assets or activities. Purchaser shall pay or cause to be paid, on a timely basis, all Taxes due with respect the Tax liability of Maquiladora for any taxable period beginning after the Closing Date.

Section 10.4. Allocation of Straddle Period Taxes. In the case of any Straddle Period:

(a) Periodic Taxes. (i) The periodic Taxes of Maquiladora or its business, assets or activities for the portion of any Straddle Period which ends on the Closing Date shall be computed based on the ratio of the number of days in such portion of the Straddle Period and the number of days in the entire taxable period, and (ii) the periodic taxes of Maquiladora or its business, assets or activities for the portion of any Straddle Period beginning on the day after the Closing Date shall be computed based on the ratio of the number of days in such portion of the Straddle Period and the number of days in the entire taxable period

(b) Non-Periodic Taxes. (i) The Taxes of Maquiladora or its business, assets or activities for that portion of any Straddle Period ending on the Closing Date (other than Taxes described in Section 10.4(a) above), shall be computed on a "closing-of-the-books" basis as if such taxable period ended as of the close of business on the Closing Date, and (ii) the Taxes of Maquiladora or its business, assets or activities for that portion of any Straddle Period beginning after the Closing Date (other than Taxes described in Section 10.4(a) above), shall be computed on a "closing-of-the-books" basis as if such taxable period began on the day after the Closing Date.

Section 10.5. Tax Refunds and Carrybacks.

(a) Retention and Payment of Tax Refunds. Except as otherwise provided in this Agreement, Seller shall be entitled to retain, and to receive within ten days after Actually Realized by Purchaser and its Affiliates, the portion of all refunds or credits of Taxes for which Seller is liable pursuant to Section 10.3 or Section 10.6(a), and Purchaser shall be entitled to retain, and to receive within ten days after Actually Realized by Seller and its Affiliates, the portion of all refunds or credits of Taxes for which Purchaser is liable pursuant to Section 10.3 or Section 10.6(b). The amount of any refund or credit of Taxes to which Seller or Purchaser is entitled to retain or receive pursuant to the foregoing sentence shall be reduced to take account of any Taxes incurred by Purchaser and its Affiliates, in the case of a refund or credit to which Seller is entitled, or Seller and its Affiliates, in the case of a refund or credit to which Purchaser is entitled, upon the receipt of such refund or credit.

(b) Carrybacks. Unless the parties otherwise agree in writing, Purchaser shall elect where permitted by law, to carry forward any net operating loss, net capital loss, charitable contribution or other item arising after the Closing Date that could, in the absence of such election, be carried back to a taxable period ending on or before the Closing Date. Except as otherwise provided in this Agreement, notwithstanding the provisions of Section 10.5(a), (i) any refund or credit of Taxes resulting from the

carryback of any item of Taxes attributable to Purchaser or its Affiliates arising in a taxable period beginning after the Closing Date to a taxable period ending on or before the Closing Date or that portion of any Straddle Period that ends on the Closing Date shall be for the account and benefit of Purchaser and its Affiliates, and (ii) any refund or credit of Taxes resulting from the carryback of any item of Taxes attributable to Seller or its Affiliates arising in a taxable period beginning after the Closing Date to a taxable period ending on or before the Closing Date or that portion of any Straddle Period that ends on the Closing Date shall be for the account and benefit of Seller and its Affiliates.

(c) Refund Claims. Seller shall be permitted to file at Seller's sole expense, and Purchaser shall reasonably cooperate with Seller in connection with, any claims for refund of Taxes to which Seller is entitled pursuant to this Section 10.5 or any other provision of this Agreement. Seller shall reimburse Purchaser for any reasonable out-of-pocket costs and expenses incurred by Purchaser and its Representatives or Affiliates in connection with such cooperation. Purchaser shall be permitted to file at Purchaser's sole expense, and Seller shall reasonably cooperate with Purchaser in connection with, any claims for refunds of Taxes to which Purchaser is entitled pursuant to this Section 10.5 or any other provision of this Agreement. Purchaser shall reimburse Seller for any reasonable out-of-pocket costs and expenses incurred by Seller and its Representatives and Affiliates in connection with such cooperation.

Section 10.6. Tax Indemnification.

(a) Seller Indemnification. Seller shall be liable for, and shall indemnify, defend and hold harmless the Purchaser Indemnified Parties from and against:

(i) all Taxes of Maquiladora for any taxable period that ends on or before the Closing Date and the portion of any Straddle Period ending on the Closing Date;

(ii) all Taxes for any Tax period (whether beginning before, on or after the Closing Date) attributable to the breach by Seller or its Affiliates of any representation, warranty, covenant or obligation under this Agreement;

(iii) all liability for a breach by Seller of any representation, warranty, covenant, or obligation under this Agreement with respect to Tax matters; and

(iv) all liability for any reasonable legal, accounting, appraisal, consulting or similar fees and expenses relating to the foregoing.

Notwithstanding the foregoing, Seller shall not indemnify, defend or hold harmless the Purchaser Indemnified Parties from any liability for Taxes attributable to a

Purchaser Tax Act. A Purchaser Tax Act shall mean any action specified in Schedule 10.6 attached hereto. Seller's obligations under this Section 10.6(a) shall not be subject to the limitations in Section 9.3 of this Agreement.

(b) Purchaser Indemnification. Purchaser shall be liable for, and shall indemnify, defend and hold harmless the Seller Indemnified Parties from and against:

(i) all Taxes of Maquiladora (other than Taxes for which Seller is obligated to provide indemnification for pursuant to Section 10.6(a)(i));

(ii) all Taxes for any Tax period (whether beginning before, on or after the Closing Date) attributable to the breach by Purchaser or its Affiliates of any representation, warranty, covenant or obligation under this Agreement;

(iii) all liability for a breach by Purchaser of any representation, warranty, covenant, or obligation under this Agreement with respect to Tax matters;

(iv) all Taxes attributable to a Purchaser Tax Act; and

(v) all liability for any reasonable legal, accounting, appraisal, consulting or similar fees and expenses relating to the foregoing.

Purchaser's obligation under this Section 10.6(b) shall not be subject to the limitations in Section 9.3 of this Agreement.

Section 10.7. Notice of Indemnity. Whenever an Indemnified Party becomes aware of the existence of an issue raised by any Tax authority which could reasonably be expected to result in a determination that would increase the liability for any Tax of the other Party hereto or any of its Representatives or Affiliates for any Tax period or require a payment hereunder by the other party (hereinafter an "Indemnity Issue"), the Indemnified Party shall in good faith promptly give notice to an Indemnifying Party of such Indemnity Issue. The failure of the Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations under this Agreement, except to the extent such Indemnifying Party or any of its Representatives or Affiliates is actually prejudiced by such failure to give notice.

Section 10.8. Payments.

(a) Timing Adjustments. In the event that a final determination (which shall include the execution of a Form 870-AD or successor form) results in a timing difference (e.g., an acceleration of income or delay of deductions) that would increase Seller's liability for Taxes pursuant to ARTICLE IX or this ARTICLE X or

results in a timing difference (e.g., an acceleration of deductions or delay of income) that would increase Purchaser's liability for Taxes pursuant to ARTICLE IX or this ARTICLE X, Purchaser or Seller, as the case may be, will promptly make payments to Seller or Purchaser as and when Purchaser or Seller (or its Affiliates), as the case may be, actually realizes any Tax benefits as a result of such timing difference (or under such other method for determining the present value of any such anticipated Tax benefits as agreed to by the Parties).

(b) Time for Payment. Any indemnity payment required to be made pursuant to this Agreement shall be paid within thirty days after the Indemnified Party makes written demand upon the Indemnifying Party, provided that in no event shall such payment be required to be made earlier than five business days prior to the date on which the relevant Taxes (including estimated Taxes) are required to be paid (or would be required to be paid if no such Taxes are due) to the relevant Tax authority.

Section 10.9. Tax Contests. The Indemnifying Party and its Representatives, at the Indemnifying Party's expense, shall be entitled to participate (a) in all conferences, meetings and proceedings with any Tax authority, the subject matter of which is or includes an Indemnity Issue and (b) in all appearances before any court, the subject matter of which is or includes an Indemnity Issue. The Party who has responsibility for filing the Tax Return under this Agreement with respect to which there could be an increase in liability for any Tax or with respect to which a payment could be required hereunder shall have the right to decide as between the Parties hereto how such matter is to be dealt with and finally resolved with the appropriate Tax Authority and shall control all audits and similar proceedings, provided, however, that if such contest would be reasonably expected to result in a material increase in the tax liability of Maquiladora for which Purchaser would be liable, Purchaser may participate in the conduct of such contest and Seller shall not settle any such contest without the consent of Purchaser, which consent shall not be unreasonably withheld. If no Tax Return is or was required to be filed in respect of an Indemnity Issue, the Indemnifying Party shall be treated as the responsible party with respect thereto. The responsible party agrees to cooperate in the settlement of any Indemnity Issue with the other Party and to take such other Party's interests into account.

Section 10.10. Cooperation and Exchange of Information. Each Party hereto agrees to provide, and to cause each of its Affiliates to provide, such cooperation and information as such other Party shall request, on a timely basis, in connection with the preparation or filing of any Tax Return or claim for Tax refund not inconsistent with this Agreement or in conducting any Tax audit, Tax dispute, or otherwise in respect of Taxes or to carry out the provisions of this Agreement, provided, however, that neither Party shall be obligated to provide the other Party with Tax Returns, documentation or other information of a proprietary or confidential nature for purposes of verifying any

calculation, and provided further, that in any such case where one Party does not provide the other Party with Tax Returns, documentation or information because it is proprietary or confidential, both Parties shall cooperate in developing mutually acceptable procedures including retaining a mutually agreeable accounting firm to review such Tax Returns, documentation or information for purposes of verifying such calculation.

Section 10.11. Mexican Income Taxes; Customs Duties; Advanced Pricing Agreement; Transfer, Sales and Use Taxes.

(a) Mexican Income Taxes. Seller shall, and shall cause Minority Shareholder to, and Purchaser shall, and shall cause Minority Purchaser to, fully comply with all Mexican Tax laws and with the Convention between the United States of America and the United Mexican States for Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income in connection with the sale of the Shares and the Minority Shares such that Purchaser shall not be required to, and Purchaser shall not, deduct or withhold any amount from the Purchase Price. Seller agrees to indemnify and hold Purchaser and Minority Purchaser harmless from and against any Taxes imposed on Seller, Minority Shareholder, Purchaser or Minority Purchaser with respect to any gain from the sale by Seller or Minority Shareholder, respectively, of the Shares and the Minority Shares under this Agreement due to any Governmental Authority, including any obligation Purchaser or Minority Purchaser may have to withhold or remit to Mexican Governmental Authorities Taxes levied on Seller or Minority Shareholder, respectively, as a result of any gain from the sale of the Shares or Minority Shares under this Agreement. The Parties agree that the Spanish language Contrato de Compra-Venta de Acciones with respect to the Shares and the Spanish language Contrato de Compra-Venta de Acciones with respect to the Minority Shares to be delivered at the Closing as provided in Section 8.1(ii), Section 8.2(ii), Section 8.3(ii) and Section 8.4(i), shall be used by the Parties, Minority Shareholder and Minority Purchaser for Mexican Tax reporting purposes and that the consideration set forth in such documents shall be the same as and not in addition to the Purchase Price.

(b) Advanced Pricing Agreement. Seller, at its own expense, shall have the sole and exclusive right, power and authority to negotiate with the appropriate Mexican Governmental Authorities and enter into the Advanced Pricing Agreement on or prior to the Closing. Seller shall keep Purchaser informed of the status of such negotiations and shall not enter into the Advanced Pricing Agreement without the written consent of Purchaser, which consent shall not be unreasonably withheld. Purchaser, Maquiladora, and Seller shall cooperate with each other in negotiating and finalizing the Advanced Pricing Agreement after the Closing. Purchaser shall, and shall cause Maquiladora, not to amend, supplement or modify the Advanced Pricing Agreement as it would relate to periods prior to the Closing without the written consent of Seller, which consent shall not be unreasonably withheld.

(c) Mexican Customs Duties. Purchaser will cause Maquiladora at its own expense after the Closing to timely prepare and execute any and all customs documents required to reflect the change of ownership of the Assets in Mexico and to timely file a virtual exportation and virtual importation pediment to reconcile the open pediments of Maquiladora as required by Mexican law. Seller shall reasonably cooperate with Purchaser and/or Maquiladora in preparing the Mexican customs duties-related filings. Seller shall be responsible for any customs duties or fees relating to periods prior to the Closing. Purchaser and Maquiladora will be responsible for any customs duties or fees relating to periods from and after the Closing. Purchaser and Seller share equally customs duties or fees, if any, incurred in connection with the transactions contemplated by this Agreement.

(d) Transfer, Sales, Use and Value Added Taxes. Notwithstanding anything to the contrary in this Agreement, all transfer, documentary, sales, use, stamp, registration, value added and other similar Taxes and fees (including any penalties and interest) incurred in connection with the transactions contemplated by this Agreement shall be shared equally by Seller and Purchaser. Each Party hereto agrees to file all necessary documentation (including all Tax Returns) with respect to such Taxes in a timely manner.

Section 10.12. Tax Records.

(a) The Parties agree to (and to cause each of their Affiliates to) (i) retain all Tax Returns, related schedules and work papers, and all material records and other documents as required under Section 6001 of the Code and the regulations promulgated thereunder relating thereto existing on the date hereof or created through the Closing Date, for a period of at least ten years following the Closing Date and (ii) allow the Party to this Agreement, at times and dates reasonably acceptable to the retaining Party, to inspect, review and make copies of such records, as the Parties may reasonably deem necessary or appropriate from time to time. In addition, after the expiration of such ten-year period, such Tax Returns, related schedules and workpapers, and material records shall not be destroyed or otherwise disposed of at any time, unless, prior to such destruction or disposal, (A) the Party proposing to destroy or otherwise dispose of such records shall provide no less than 30 days' prior written notice to the other Party, specifying in reasonable detail the records proposed to be destroyed or disposed of and (B) if a recipient of such notice shall request in writing prior to the scheduled date for such destruction or disposal that any of the records proposed to be destroyed or disposed of be delivered to such requesting Party, the Party proposing the destruction or disposal shall promptly arrange for the delivery of such requested records at the expense of the Party requesting such records.

(b) Notwithstanding anything in this Agreement to the contrary, if any Party fails to comply with the requirements of Section 10.12(a) hereof, the Party failing so to comply shall be liable for, and shall hold the other Party, harmless from, any Taxes (including without limitation, penalties for failure to comply with the record retention requirements of the Code) and other costs resulting from such Party's failure to comply.

Section 10.13. Tax Sharing Agreements. On the Closing Date, all Tax sharing agreements and arrangements between (a) Maquiladora, on the one side, and (b) Seller or any of its Subsidiaries or Affiliates, on the other side, will be terminated and have no further effect for any taxable year or period (whether a past, present or future year or period), and no additional payments will be made thereunder on or after the Closing Date in respect of a redetermination of Tax liabilities or otherwise.

Section 10.14. Dispute Resolution. Any dispute, claim or controversy arising out of or relating to any provision of ARTICLE X of this Agreement will be resolved in accordance with the procedures set forth in Section 12.3(b) of this Agreement, provided that each such mediator or arbitrator selected pursuant to such procedures shall have an expertise in Tax matters.

## ARTICLE XI

## TERMINATION

Section 11.1. Voluntary Termination. This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing Date by the mutual written consent of Purchaser and Seller.

Section 11.2. Automatic Termination. In the event of a termination of the Merger Agreement, this Agreement shall automatically and immediately terminate.

Section 11.3. Effect of Termination. In the event of the termination of this Agreement, all further obligations of the Parties hereunder shall terminate, and the transactions contemplated hereby shall be abandoned without further action or liability by any of the Parties hereto, except that (i) Section 11.3 ("Effect of Termination"), Section 12.2 ("Notices"), Section 12.3 ("Choice of Law, Dispute Resolution"), Section 12.6 ("Entire Agreement; Waivers"), Section 12.8 ("Severability"), Section 12.10 ("Expenses"), Section 12.12 ("Parties in Interest") and Section 12.14 ("Controlling Agreement") shall survive such termination and (ii) nothing shall relieve any Party hereto from liability for any breach of this Agreement prior to such termination.

ARTICLE XII

MISCELLANEOUS

Section 12.1. Assignment. No Party to this Agreement will convey, assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the other Party in its sole and absolute discretion. Notwithstanding the foregoing, any Party may (without obtaining any consent) assign, delegate or sublicense all or any portion of its rights and obligations hereunder to (i) the surviving entity resulting from a merger or consolidation involving such Party, (ii) the acquiring entity in a sale or other disposition of (A) all or substantially all of the assets of such Party as a whole, (B) any line of business or division of such Party, or (C), in the case of Purchaser, the Facility, (iii) any other Person that is created as a result of a spin-off from, or similar reorganization transaction of, such Party or any line of business or division of such Party or (iv) an Affiliate. In the event of an assignment pursuant to (ii) or (iii) above, the non-assigning Party shall, at the assigning Party's request, use good faith commercially reasonable efforts to enter into separate agreements with each of the resulting entities and take such further actions as may be reasonably required to assure that the rights and obligations under this Agreement are preserved, in the aggregate, and divided equitably between such resulting entities. Any conveyance, assignment or transfer requiring the prior written consent of another Party pursuant to this Section 12.1 which is made without such consent will be void ab initio. No assignment of this Agreement will relieve the assigning Party of its obligations hereunder.

Section 12.2. Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, (b) upon confirmation of receipt if delivered by telecopy or telefacsimile, (c) on the first Business Day following the date of dispatch if delivered by a recognized next-day courier service, or (d) on the fifth Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the Party to receive such notice:

If to Purchaser, to:

Alpha Industries, Inc.
20 Sylvan Road
Woburn, MA 01801
Fax: (617) 824-4564
Attention: Paul E. Vincent
Chief Financial Officer

With copies to (not effective for purposes of notice):

Alpha Industries, Inc.
20 Sylvan Road
Woburn, MA 01801
Fax: (617) 824-4564
Attention: James K. Jacobs, Esq.
General Counsel

or if to Seller, to:

Conexant Systems, Inc.
4311 Jamboree Road
Newport Beach, California 92660-3095
Fax: (949) 483-6388
Attention: Dennis E. O'Reilly
Senior Vice President, General Counsel and Secretary

With a copy to (not effective for purposes of notice):

Chadbourne & Parke LLP
30 Rockefeller Plaza
New York, New York 10112
Fax: (212) 541-5369
Attention: Peter R. Kolyer, Esq.

Section 12.3. Choice of Law; Dispute Resolution.

(a) Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware (without giving effect to choice of law principles).

(b) Dispute Resolution. In the event that from and after the Closing, any dispute, claim or controversy (collectively, a "Dispute") arises out of or relates to any provision of this Agreement or the breach, performance, enforcement or validity or invalidity thereof, the designees of Seller's Chief Executive Officer and Purchaser's Chief Executive Officer will attempt a good faith resolution of the Dispute within thirty (30) days after either Party notifies the other Party in writing of the Dispute. If the Dispute is not resolved within thirty (30) days of the receipt of the notification, or within such other time as they may agree, the Dispute will be referred for resolution to Seller's Chief Executive Officer and Purchaser's Chief Executive Officer. Should they be unable

to resolve the Dispute within thirty (30) days following the referral to them, or within such other time as they may agree, Seller and Purchaser will then attempt in good faith to resolve such Dispute by mediation in accordance with the then-existing CPR Mediation Procedures promulgated by the CPR Institute for Dispute Resolution, New York City. If such mediation is unsuccessful within thirty (30) days (or such other period as the Parties may mutually agree) after the commencement thereof, such Dispute shall be submitted by the Parties to binding arbitration, initiated and conducted in accordance with the then-existing American Arbitration Association Commercial Arbitration Rules, before a single arbitrator selected jointly by Seller and Purchaser, who shall not be the same person as the mediator appointed pursuant to the preceding sentence. If Seller and Purchaser cannot agree upon the identity of an arbitrator within ten (10) days after the arbitration process is initiated, then the arbitration will be conducted before three arbitrators, one selected by Seller, one selected by Purchaser and the third selected by the first two. The arbitration shall be conducted in San Francisco, California and shall be governed by the United States Arbitration Act, 9 U.S.C. Sections 1-16, and judgment upon the award may be entered by any court having jurisdiction thereof. The arbitrators shall have case management authority and shall resolve the Dispute in a final award within one hundred eighty (180) days from the commencement of the arbitration action, subject to any extension of time thereof allowed by the arbitrators upon good cause shown.

Section 12.4. Survival of Representations and Warranties and Covenants. The respective representations and warranties of the Parties contained in this Agreement (other than those set forth in the following sentence) will survive the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and the Closing and will continue in full force and effect until six (6) months after the Closing Date and will then expire. The representations and warranties of the Parties contained in Section 3.1, Section 3.2, Section 3.3, Section 3.4, Section 3.9(a), Section 3.13, Section 3.17, Section 4.1, Section 4.2, and Section 4.3 will survive the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and the Closing and will continue in full force and effect until all applicable statutes of limitation (including any extensions thereof) have expired and will then expire. All covenants of the Parties contained in this Agreement will remain in full force and effect after, and survive, the Closing (other than those to be performed at or prior to the Closing).

Section 12.5. Limitations on Representations and Warranties. Except for the representations and warranties set forth in this Agreement, the Shares and the Minority Shares are being sold "AS IS, WHERE IS, AND WITH ALL FAULTS." EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER CONCERNING THE FACILITY, THE BUSINESS

OR OPERATIONS OF MAQUILADORA OR ANY OTHER MATTER, EXPRESS OR IMPLIED, ORAL, OR WRITTEN. SELLER HEREBY SPECIFICALLY DISCLAIMS THE IMPLIED WARRANTY OF MERCHANTABILITY AND THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE.

Section 12.6. Entire Agreement; Waivers. This Agreement, together with all exhibits and Schedules hereto, and the other agreements and instruments of the Parties delivered in connection herewith constitute the entire agreement and supersede all prior agreements and understandings both written and oral, among the Parties with respect to the subject matter hereof. The failure of any Party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of those rights.

Section 12.7. Counterparts. This Agreement may be executed in separate counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts will together constitute the same agreement. This Agreement may be executed and delivered by telecopier with the same force and effect as if it were a manually executed and delivered counterpart.

Section 12.8. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances other than those as to which it has been held invalid or unenforceable, will remain in full force and effect and will in no way be affected, impaired or invalidated thereby. If the economic or legal substance of the transactions contemplated hereby is affected in any manner adverse to any Party as a result thereof, the Parties will negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect the original intent of the Parties.

Section 12.9. Headings. The headings of the Articles and Sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 12.10. Expenses. Except as otherwise provided in this Agreement, each of the Parties shall be liable for its own expenses incurred in connection with the negotiation, preparation, execution and performance of this Agreement prior to Closing.

Section 12.11. Amendments. This Agreement cannot be amended, modified or supplemented except by a written agreement executed by Seller and Purchaser.

Section 12.12. Parties in Interest. This Agreement is binding upon and is for the benefit of the Parties hereto and their respective successors and permitted assigns. This Agreement is not made for the benefit of any Person not a Party hereto, and no Person other than the Parties hereto or their respective successors and permitted assigns will acquire or have any benefit, right, remedy or claim under or by reason of this Agreement, except that the provisions of Sections 9.1, 9.2 and 10.6 hereof shall inure to the benefit of the Persons referred to therein.

Section 12.13. Schedules and Exhibits. Inclusion of an item or matter on any of the Schedules or Exhibits attached hereto shall not be deemed to be an admission by any Party that such item or matter is required to be disclosed in such Schedule or Exhibit. Each disclosure on each Schedule, to the extent specified therein, qualifies the correspondingly numbered representation and warranty or covenant contained herein and, to the extent it is apparent on the face of such disclosure that such disclosure qualifies another representation or warranty contained herein, such other representation and warranty.

Section 12.14. Controlling Agreement. In the event of any inconsistency between the provisions of this Agreement and those of either Seller's Contrato de Compra-Venta de Acciones or Minority Shareholder's Contrato de Compra-Venta de Acciones, this Agreement shall be controlling (other than with respect to the governing law).

Section 12.15. Compliance with Bulk Sales Laws. The Parties hereby waive compliance with the bulk sales laws and any other similar laws in any applicable jurisdiction in respect of the transactions contemplated by this Agreement.

Section 12.16. Cooperation Following the Closing. Following the Closing, the Parties shall each deliver to the other such further information and documents and shall execute and deliver to the other such further instruments and agreements as the other shall reasonably request to consummate or confirm the transactions provided for in this Agreement, to accomplish the purpose of this Agreement or to assure to the other the benefits of this Agreement.

[The remainder of this page is left intentionally blank; signature page follows]

IN WITNESS WHEREOF, each of the Parties listed below has executed this Mexican Stock Purchase Agreement as of the day and year first above written.

CONEXANT SYSTEMS, INC.

By: /s/ Dennis E. O'Reilly
---
Name: Dennis E. O'Reilly
Title: Senior Vice President, General Counsel and Secretary

ALPHA INDUSTRIES, INC.

By: /s/ Paul E. Vincent
---
Name: Paul E. Vincent
Title: Vice President, Chief Financial Officer, Treasurer and Secretary

EXHIBIT 2.4

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# AMENDED AND RESTATED MEXICAN ASSET PURCHASE AGREEMENT

DATED AS OF JUNE 25, 2002

BY AND BETWEEN

CONEXANT SYSTEMS, INC.

AND

ALPHA INDUSTRIES, INC.

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# AMENDED AND RESTATED MEXICAN ASSET PURCHASE AGREEMENT

AMENDED AND RESTATED MEXICAN ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of June 25, 2002, by and between Conexant Systems, Inc., a Delaware corporation ("Seller"), and Alpha Industries, Inc., a Delaware corporation ("Purchaser"). Seller and Purchaser are sometimes hereinafter collectively referred to as the "Parties" and individually as a "Party."

## RECITALS

A. Seller and Purchaser are parties to an agreement (the "Existing Agreement"), pursuant to which Seller agreed to sell, and Purchaser agreed to purchase (directly or indirectly), certain tangible personal property located at the Facility (as defined below), including machinery and equipment, that is used by Maquiladora (as defined below) owned by Seller in the conduct of its business and Seller is a party to certain contracts relating to Maquiladora.

B. Seller and Purchaser wish to amend the Existing Agreement.

C. Concurrently herewith, Seller and Purchaser are entering into a Mexican Stock Purchase Agreement (the "Mexican Stock Purchase Agreement"), pursuant to which Seller is selling, and Purchaser is purchasing, all of Seller's right, title and interest in and to the shares of capital stock of Maquiladora owned by Seller.

D. Seller desires to sell all of Seller's right, title and interest in and to the Assets (as defined herein), and Purchaser desires to purchase the Assets, all in accordance with the terms of this Agreement.

## AGREEMENT

NOW, THEREFORE, in consideration of the representations, warranties, mutual covenants and promises contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

## ARTICLE I

## DEFINITIONS

As used in this Agreement, the following terms shall have the meanings given those terms in this ARTICLE I or in the Section of this Agreement referenced in

the definition provided for such term and all references to "the date of this Agreement", "the date hereof", "a recent date" or similar references shall refer or relate to the date as of which the Existing Agreement was originally executed and delivered (December 16, 2001) and not the date as of which this Agreement was amended and restated (June 25, 2002):

"Actually Realized" shall mean, for purposes of determining the timing of any Taxes (or related Tax cost or benefit) relating to any payment, transaction, occurrence or event, the time at which the amount of Taxes (including estimated Taxes) payable by any Person is increased above or reduced below, as the case may be, the amount of Taxes that such person would be required to pay but for the payment, transaction, occurrence or event.

"Advanced Pricing Agreement" means the proposed transfer pricing agreement among, Seller, Maquiladora, the United States Internal Revenue Service and certain Mexican Tax authorities for transactions between Seller and Maquiladora for the annual tax periods of Maquiladora commencing January 1, 2000 through January 1, 2004, which has been submitted to the United States Internal Revenue Service and the appropriate Mexican Tax authorities.

"Affiliate" of a Person means any other Person that, directly or indirectly, controls, is controlled by, or is under common control with, such Person. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" is defined in the first paragraph hereof.

"Assets" means all of Seller's right, title and interest in and to (i) all tangible personal property (other than computer data, documents, information, files, books and records), including Equipment, owned by Seller and located at the Facility on the date hereof and used by Maquiladora in the conduct of its business, together with prepaid expenses paid by Seller with respect to such tangible personal property and all third party insurance proceeds (if any) in respect of losses, liabilities or damage with respect to such property arising out of insured incidents occurring after the date hereof and prior to the Closing (to the extent Seller and its Affiliates have no obligation to reimburse the insurer for such insurance proceeds), (ii) all tangible personal property (other than computer data, documents, information, files, books and records) owned by Seller and located at the Facility on the Closing Date and used by Maquiladora in the conduct of its business which is acquired by Seller after the date hereof and prior to the Closing and all third party insurance proceeds (if any) in respect of losses, liabilities or

damage with respect to such property arising out of insured incidents occurring after the date hereof and prior to the Closing (to the extent Seller and its Affiliates have no obligation to reimburse the insurer for such insurance proceeds), (iii) the Assumed Contracts, (iv) the Books and Records and (v) all third party insurance proceeds (if any) in respect of losses, liabilities or damage with respect to the assets or properties of Maquiladora arising out of insured incidents occurring after the date hereof and prior to the Closing (to the extent Seller and its Affiliates have no obligation to reimburse the insurer for such insurance proceeds), but, in each case, excluding (I) the Excluded Assets and (II) all tangible personal property owned by Seller located at the Facility and used by Maquiladora in the conduct of its business which is sold or otherwise disposed of by Seller in the ordinary course of business consistent with past practice and the terms of this Agreement from and after the date hereof and prior to the Closing (and all insurance proceeds related to such property). For clarification purposes, the term Assets does not include any intangible property subject to Section 367(d) of the Internal Revenue Code (other than any foreign goodwill, going concern value or operating intangibles (within the meaning of Treas. Reg. Section 1.367(a) - 1T(d)(5)(ii) and (iii)).

"Assets Promissory Note" means a promissory note issued by Maquiladora in favor of Seller in a principal amount equal to the portion of the Purchase Price allocated to the Assets pursuant to Section 2.4, substantially in the form attached hereto as Exhibit "A".

"Assumed Contracts" means all contracts listed on Schedule 3.9 and all contracts (including purchase orders) of Seller relating to the Assets or entered into on behalf of Maquiladora (to the extent related to the Assets) which are entered into after the date hereof and prior to the Closing in the ordinary course of business consistent with past practice and the terms of this Agreement.

"Assumed Liabilities" is defined in Section 2.3.

"Books and Records" means all documents, information, computer data, files, books and records (in each case, in whatever form or media, including electronic media) owned by Seller that relate to the Assets, but excluding any documents, information, files, books and records pertaining to any Excluded Assets or Excluded Liabilities.

"Business Day" means a day other than a Saturday, a Sunday or a day on which banks are required or authorized to close in the City of New York.

"Charter Document" means any of the certificate of incorporation, bylaws, agreement of limited partnership, operating agreement or other organizational or constitutive document of a Person (including, in the case of a Mexican Person, the acta constitutiva or estatutos of such Person).

"Claim(s)" means any action, suit, litigation, proceeding, arbitration or other method of settling disputes or disagreements and any grievance, complaint, claim, charge, demand, investigation or other similar matter.

"Claims Made Policies" is defined in Section 5.5(b).

"Closing" means the consummation of the transactions contemplated by this Agreement on the Closing Date.

"Closing Material Adverse Effect" means any event, change, circumstance or development that is materially adverse to (i) the ability of Seller to consummate the transactions contemplated by this Agreement, the Mexican Stock Purchase Agreement and the Merger Agreement or (ii) the business, financial condition or results of operations of Maquiladora, the business, financial condition or results of operations of the Washington Business and the Assets taken as a whole, other than, with respect to clause (ii), any event, change, circumstance or development (A) resulting from any action taken in connection with the transactions contemplated hereby pursuant to the terms of this Agreement or the Merger Agreement, (B) relating to the economy or financial markets in general, (C) relating in general to the industries in which Seller, Maquiladora and the Washington Business operate and not specifically relating to Seller, Maquiladora and the Washington Business or (D) relating to any action or omission of Seller, Maquiladora or Washington or any Subsidiary of any of them taken with the express prior written consent of Purchaser.

"Closing Date" is defined in the first paragraph of ARTICLE VIII.

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

"Consent(s)" means any and all consents, waivers, approvals, authorizations, declarations, filings, recordings, registrations or exemptions.

"Damages" means any and all losses, Liabilities, claims, damages, deficiencies, obligations, fines, payments, Taxes, Encumbrances, and costs and expenses, whether matured or unmatured, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, known or unknown, whenever arising and whether or not resulting from Third Party Claims (including the costs and expenses of any and all Claims; all amounts paid in connection with any demands, assessments, judgments, settlements and compromises relating thereto; interest and penalties with respect thereto; out-of-pocket expenses and reasonable attorneys', accountants' and other experts' fees and expenses reasonably incurred in investigating, preparing for or defending against any such Claims or in asserting, preserving or enforcing an Indemnified Party's rights hereunder; and any losses that may result from the granting of injunctive relief as a result of any such Claims).

"Dispute" is defined in Section 12.3(b).

"dollars" or "U.S.$" means United States dollars.

"Effective Time" is defined in the Merger Agreement.

"Encumbrance" means any lien, pledge, easement, security interest, mortgage, deed of trust, right-of-way, retention of title agreement or other encumbrance of whatever nature.

"Equipment" means machinery, equipment, furniture, furnishings, fixtures and other tangible personal property (except Inventory and Books and Records), including, data processing equipment, motor vehicles, dies, tools, jigs and office equipment, together with all components and auxiliary parts and supplies used in connection therewith, and all manuals, drawings, instructions, warranties and rights with respect thereto.

"Excluded Assets" means the assets specifically set forth on Schedule 2.1(a), including all Inventory and any and all Intellectual Property of Seller.

"Excluded Liabilities" is defined in Section 2.3.

"Existing Agreement" is defined in the recitals hereto.

"Facility" means the Land and Improvements, including all easements, licenses, options, insurance proceeds and condemnation awards and all other rights of Maquiladora in or appurtenant thereto.

"Financing Agreement" means the Financing Agreement to be dated as of the Closing Date among Purchaser, each of Purchaser's subsidiaries listed therein (including, upon the Closing, Maquiladora) and Seller, substantially in form attached hereto as Exhibit "B".

"Governmental Authority" means any federal, state or local governmental authority or regulatory body of any nation (including the United States of America and the United Mexican States ("Mexico")), any subdivision, agency, commission, board or authority or instrumentality thereof, or any quasi-governmental or private body asserting, exercising or empowered to assert or exercise any regulatory authority thereunder and any Person, directly or indirectly, owned by and subject to the control of any of the foregoing.

"HSR Act" means the Hart Scott Rodino Antitrust Improvements Act of 1976, as amended.

"Improvements" means all buildings, structures, fixtures and real property improvements located on the Land.

"including" means including without limiting the generality of what precedes that term.

"Indemnified Party" is defined in Section 9.3(a).

"Indemnifying Party" is defined in Section 9.3(a).

"Indemnity Issue" is defined in Section 10.7.

"Indemnity Reduction Amounts" is defined in Section 9.3(a).

"Information" means all records, books, contracts, instruments, computer data and other data and information (in each case, in whatever form or medium, including electronic media).

"Injunction" is defined in Section 6.3

"Insurance Proceeds" means monies (a) received by an insured from an insurance carrier, (b) paid by an insurance carrier on behalf of an insured or (c) received from any third party in the nature of insurance, contribution or indemnification in respect of any Liability.

"Intellectual Property" means trademarks, service marks, brand names, certification marks, trade dress and other indications of origin, the goodwill associated with the foregoing and registrations in any jurisdiction of, and applications in any jurisdiction to register, the foregoing, including any extension, modification or renewal of any such registration or application; inventions, discoveries and ideas, whether patentable or not, in any jurisdiction; patents, applications for patents (including divisions, continuations, continuations in part and renewal applications), and any renewals, extensions or reissues thereof, in any jurisdiction; nonpublic information, trade secrets and confidential information and rights in any jurisdiction to limit the use or disclosure thereof by any Person; writings and other works, whether copyrightable or not, in any jurisdiction; and registrations or applications for registration of copyrights in any jurisdiction, and any renewals or extensions thereof; and any similar intellectual property or proprietary rights.

"Inventory" means all raw materials, components, Semiconductor Wafers, other inputs, work in process and finished goods.

"Land" means that certain parcel of land owned by Maquiladora commonly known as Ave. Iqnacio Lopez Rayon No. 1699, Colonial Rivera, Mexicali, Baja California, Mexico.

"Law" means all laws, principals of common law, statutes, constitutions, treaties, rules, regulations, ordinances, codes, ruling, orders and determinations of any Governmental Authority.

"Liabilities" means any and all claims, debts, liabilities, commitments and obligations of whatever nature, whether fixed, contingent or absolute, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising and whether or not the same would be required by generally accepted accounting principles to be reflected as a liability in financial statements or disclosed in the notes thereto.

"Maquila Decree" is defined in Section 3.5.

"Maquiladora" means Conexant Systems, S.A. de C.V., a sociedad anonima de capital variable organized under the laws of Mexico.

"Material Adverse Change" or "Material Adverse Effect" means any event, change, circumstance or development that is materially adverse to (i) the ability of Seller to consummate the transactions contemplated by this Agreement or the Mexican Stock Purchase Agreement or (ii) the business, financial condition or results of operations of Maquiladora and the Assets taken as a whole, other than, with respect to clause (ii), any event, change, circumstance or development (A) resulting from any action taken in connection with the transactions contemplated hereby pursuant to the terms of this Agreement, (B) relating to the economy or financial markets in general, (C) relating in general to the industries in which Seller and Maquiladora operate and not specifically relating to Seller and Maquiladora or (D) relating to any action or omission of Seller or Maquiladora or any Subsidiary of either of them taken with the express prior written consent of Purchaser.

"Merger" is defined in the recitals of the Merger Agreement.

"Merger Agreement" means the Agreement and Plan of Reorganization, dated as of December 16, 2001, as amended as of April 12, 2002, by and among Seller, Washington and Purchaser.

"Mexican Competition Commission" means the Mexican Comision Federal de Competencia established under Chapter IV of the Mexican Economic Competition Law.

"Mexican Economic Competition Law" means the Mexican Ley Federal de Competencia Economica published in the Mexican Official Gazette (Diario Oficial de la Federacion) on December 24, 1992.

"Mexican Stock Purchase Agreement" is defined in the recitals hereto.

"Obligation" is defined in the Financing Agreement.

"Occurrence Basis Policies" is defined in Section 5.9(b).

"Party" and "Parties" are defined in the first paragraph of this Agreement.

"Permits" means licenses, permits, authorizations, consents, certificates, registrations, variances, franchises and other approvals from any Governmental Authority, including those relating to environmental matters.

"Permitted Encumbrance" means (i) in respect of real property, Encumbrances consisting of zoning or planning restrictions, easements, Permits or other restrictions or limitations on the use of real property or irregularities in title thereto which do not materially detract from the value of, or impair the use of, such real property as currently operated, (ii) Encumbrances for Taxes, assessments or governmental charges or levies on property not yet due and payable or which are being contested in good faith and for which appropriate reserves are maintained, (iii) Encumbrances of landlords, carriers, warehousemen, mechanics and other Encumbrances imposed by law and incurred in the ordinary course of business, (iv) for personal property, Encumbrances for purchase money obligations incurred in the ordinary course of business consistent with past practice, (v) Encumbrances set forth on Schedule 2.1(b) and (vi) other Encumbrances (other than mortgages, deeds of trust, title retention agreements or similar security interests on the Facility) which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

"Person" means an individual, corporation, limited liability entity, partnership, association, trust, unincorporated organization, other entity or group (as defined in the Exchange Act), including any Governmental Authority.

"Policies" means all insurance policies, insurance contracts and claim administration contracts of any kind of Seller relating to the Assets which were or are in effect at any time at or prior to the Closing, including primary, excess and umbrella, commercial general liability, fiduciary liability, product liability, automobile, aircraft, property and casualty, business interruption, directors and officers liability, employment practices liability, workers' compensation, crime, errors and omissions, special accident, cargo and employee dishonesty insurance policies and captive insurance company arrangements, together with all rights, benefits and privileges thereunder.

"Privileged Information" means, with respect to a Party, Information regarding the Party, or any of its operations, employees, assets or Liabilities (whether in documents or stored in any other form or known to its employees or agents) that is or may be protected from disclosure pursuant to the attorney-client privilege, the work product doctrine or other applicable privileges, that a Party has or may come into possession of or has obtained or may obtain access to pursuant to this Agreement or otherwise.

"Purchase Price" is defined in Section 2.2.

"Purchaser" is defined in the first paragraph of this Agreement.

"Purchaser Indemnified Parties" is defined in Section 9.1.

"Representative" means, with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants, attorneys and representatives.

"Schedules" means the disclosure schedules contained in this Agreement which schedules are attached hereto and incorporated by reference as if specifically set forth herein.

"SECOFI" is defined in Section 3.4.

"Seller" is defined in the first paragraph of this Agreement.

"Seller Indemnified Parties" is defined in Section 9.2.

"Semiconductor Wafers" means silicon and gallium arsenide wafers, including cut wafers and dies, for the manufacture of semiconductors supplied to Purchaser by Seller prior to the Closing Date.

"Shares" is defined in the Mexican Stock Purchase Agreement.

"Straddle Period" is defined in Section 10.1.

"Subsidiary" when used with respect to any Person means any corporation or other organization, whether incorporated or unincorporated, at least a majority of the securities or other interests of which having by their terms ordinary voting power to elect a majority of the Board of Directors or others performing similar functions with respect to such corporation or other organization is, directly or indirectly, owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries.

"Tax" and "Taxes" shall mean all forms of taxation, whenever created or imposed, and whether of the United States or elsewhere, and whether imposed by a federal, state, municipal, governmental, territorial, local, foreign or other body, and without limiting the generality of the foregoing, shall include net income, gross income, gross receipts, sales, use, value added, ad valorem, transfer, recording, franchise, profits, license, lease, service, service use, payroll, wage, withholding, employment, unemployment insurance, workers compensation, social security, excise, severance, stamp, business license, business organization, occupation, premium, property, environmental, windfall profits, customs, duties, alternative minimum, estimated or other taxes, fees, premiums, assessments or charges of any kind whatever imposed or collected by any governmental entity or political subdivision thereof, together with any related interest and any penalties, additions to such tax or additional amounts imposed with respect thereto by any Tax authority.

"Tax Proceeding" means any audit, examination, Claim or other administrative or judicial proceeding relating to Taxes or Tax Returns.

"Tax Return" shall mean any return, filing, questionnaire, information return, election or other document required or permitted to be filed, including requests for extensions of time, filings made with respect to estimated tax payments, claims for refund and amended returns that may be filed, for any period with any Tax authority (whether domestic or foreign) in connection with any Tax (whether or not a payment is required to be made with respect to such filing).

"Third Party Claim" is defined in Section 9.4(a).

"To the knowledge of Seller" or words of similar import with respect to a fact or matter means the actual knowledge of the executive officers of Seller listed on Schedule 1 after reasonable inquiry.

"U.S. Asset Purchase Agreement" means the U.S. Asset Purchase Agreement, dated December 16, 2001, by and between Seller and Purchaser, as may be amended, modified or supplemented from time to time.

"U.S. GAAP" means generally accepted accounting principles as applied in the United States as of the date of this Agreement.

"Washington" means Washington Sub, Inc., a Delaware corporation.

"Washington Business" is defined in the Merger Agreement.

## ARTICLE II

## SALE AND PURCHASE OF ASSETS

Section 2.1. Purchase and Sale of Assets. At the Closing, Seller shall sell, transfer, convey, assign and deliver to Purchaser's designee, and Purchaser shall cause Purchaser's designee to purchase, acquire and accept, the Assets, as the same shall exist on the Closing Date, free and clear of any Encumbrances other than Permitted Encumbrances. Purchaser hereby designates Maquiladora to purchase the Assets pursuant to this Section 2.1

Section 2.2. Purchase Price. The purchase price (the "Purchase Price") to be paid in the aggregate by Purchaser (and Maquiladora as its designee pursuant to Section 2.1 above) to Seller in consideration for the Assets shall be eighty million dollars (U.S.$80,000,000), payable, at the election of Purchaser, either (A) by wire transfer of immediately available funds at the Closing or (B) by delivery of the Assets Promissory Note at the Closing; provided, however, that if Purchaser shall elect to pay the Purchase Price pursuant to clause (B), Purchaser shall provide written notice of such election to Seller no later than thirty (30) days prior to the Closing Date.

Section 2.3. Assumption of Liabilities. At the Closing, Purchaser shall cause Purchasers' designee to unconditionally assume and agree to pay, perform and discharge in a timely manner and in accordance with their respective terms those Liabilities of Seller set forth on Schedule 2.3(a) (the "Assumed Liabilities"). Purchaser's designee shall not assume hereunder any Liabilities of Seller related to the Assets that are not Assumed Liabilities (the "Excluded Liabilities"). Purchaser hereby designates Maquiladora to assume the Assumed Liabilities pursuant to this Section 2.3.

Section 2.4. Allocation of Purchase Price. Purchaser and Seller mutually agree that the Purchase Price and the Assumed Liabilities hereunder shall be allocated among the Assets in the manner required by Section 1060 of the Code and Treasury Regulations promulgated thereunder. Purchaser and Seller shall agree upon such allocation prior to the Closing and shall file Form 8594 with the United States Internal Revenue Service reflecting such allocation. Neither Seller nor Purchaser shall take a position inconsistent with such allocation in any Tax Proceeding, in any refund claim, in any litigation or investigation or otherwise. If a competent Government Authority adjusts such allocation for any reason, the allocation shall be deemed to be amended to conform to any such adjustments.

ARTICLE III

SELLER'S REPRESENTATIONS AND WARRANTIES

Seller hereby represents and warrants to Purchaser as of the date hereof and as of the Closing Date the following:

Section 3.1. Corporate Status, Good Standing and Authorization. Seller is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation, with all requisite corporate power and authority to own the Shares and the Assets, except where the failure to have such power and authority, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Seller and Maquiladora are each duly licensed or qualified to do business as a foreign corporation in all states or jurisdictions in which the nature of its business requires such license or qualification, except where the failure to be so licensed or qualified, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

Section 3.2. Authority; Enforceability. Seller has all requisite corporate power and authority to enter into this Agreement and perform its obligations under this Agreement. The execution, delivery and performance of this Agreement by Seller and the consummation by Seller of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Seller. This Agreement has been duly authorized, executed and delivered by Seller and is a legally valid and binding obligation of Seller (assuming that this Agreement constitutes the valid and binding obligation of Purchaser) and is enforceable against Seller in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and similar Laws relating to or affecting creditors generally or by general equity principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 3.3. Consents; No Conflicts or Violations. Except for the Consents set forth on Schedule 3.3 and Consents which if not obtained and maintained by Seller, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, there are no Consents of any Governmental Authority required in connection with (i) Seller's execution and delivery of this Agreement and the other agreements, documents and instruments to be executed and delivered by Seller in connection herewith or (ii) the performance by Seller of its obligations herein or therein or the consummation by Seller of the transactions contemplated hereby or thereby. Assuming receipt of all of the Consents set forth on Schedule 3.3 (including any required HSR Act approval, any approval required by the Mexican Competition Commission under the Mexican Economic Competition Law and any approval by SECOFI (as defined below) of any change of any Permits held by Maquiladora), neither the execution or

delivery by Seller of this Agreement nor the consummation by Seller of the transactions contemplated hereby will, with or without the giving of notice or the lapse of time or both, conflict with or result in a breach or violation of or give rise to a default or right of termination, amendment, cancellation or acceleration under (i) any provision of Seller's or Maquiladora's Charter Documents, (ii) any contract, agreement, note, bond, mortgage, indenture, lease, license, franchise, permit, concession, instrument or obligation to which Seller or Maquiladora is a party or by which any of their respective properties or assets are bound or (iii) any Law or license or other requirement to which Seller or Maquiladora or their respective properties or assets is subject, except, in the case of items (ii) and (iii) above only, for those which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

Section 3.4. Permits. Seller and Maquiladora have or will have as of the Closing all Permits which are required in order to allow Seller to own the Shares and to own and use the Assets in the manner in which it currently owns and uses such Assets or which are required in order to allow Maquiladora to own its assets and properties and to conduct its business as conducted as of the date hereof, including all Permits required from the Mexican Ministry of Commerce and Industrial Promotion ("SECOFI") or its successor, the Mexican Ministry of the Economy, except, in any such case, for such Permits, which if not obtained or maintained, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Each of Seller and Maquiladora is and will be in compliance with each such Permit, except where the failure to so comply, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. No suspension or cancellation of any such Permits is or will be pending or, to the knowledge of Seller, threatened, except for suspensions or cancellations which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Seller will have delivered to Purchaser at or prior to Closing a list of all such Permits held or obtained as of the Closing Date, except for such Permits, which if not held or obtained, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

Section 3.5. Compliance with Laws. Except as disclosed on Schedule 3.5, (i) Maquiladora is in compliance in all material respects with all applicable Laws, including the Decree for the Development and Operation of Maquiladora Export Industry, as amended (the "Maquila Decree"), (ii) Seller is in compliance in all material respects with all Laws applicable with respect to the Assets and the Shares, except in the case of (i) or (ii) above, where the failure to so comply, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, and (iii) to the knowledge of Seller, Maquiladora has not received within the past twelve (12) months any written notice or correspondence from any Governmental Authority to the effect that it is not in compliance with any such applicable Laws, except for such violations which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

Section 3.6. Absence of Certain Changes or Events. Except as set forth on Schedule 3.6, since November 23, 2001, there has not been any Material Adverse Change or any event, change, circumstance or development which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Change. Without limiting the generality of the foregoing, except as set forth on Schedule 3.6, Maquiladora has been operating the Assets since November 23, 2001 in the ordinary course of business consistent with past practice (except as may be expressly contemplated by this Agreement).

Section 3.7. Litigation. Except as set forth on Schedule 3.7, there is no action, suit or proceeding or regulatory investigation pending or, to the knowledge of Seller, threatened against Seller, Minority Shareholder or Maquiladora or its business or operations affecting (i) Maquiladora or its business or operations, (ii) any of the Assets, (iii) the Purchased Shares or (iv) this Agreement before any court or arbitrator or any governmental body, agency or official, except for those which, if adversely determined, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. None of Seller, Minority Shareholder or Maquiladora is a party to or subject to any judgment, order, rule, writ, injunction, or decree of any Governmental Authority or arbitrator which relates to or affects Maquiladora, the Assets or the Purchased Shares, except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

Section 3.8. Tax Matters.

(a) Tax Returns. All material Tax Returns required to be filed by Maquiladora with respect to the Assets have been timely filed. All such Tax Returns are true, correct and complete, except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. All Taxes shown as due and payable by or with respect to such Tax Returns have been timely paid in full.

(b) No Tax Proceedings. Except as set forth on Schedule 3.8(b), there are no Tax Proceedings presently pending with regard to any Tax Returns or Taxes related to the Assets, and no notice has been received from any Governmental Authority of the expected commencement of such a Tax Proceeding.

(c) No Tax Liens. There are no Encumbrances for any Tax on the Assets, except for Permitted Encumbrances.

(d) None of the Assets is a lease made pursuant to Section 168(f)(8) of the Internal Revenue Code of 1954.

(e) None of the Assets constitute "tax exempt use property" within the meaning of Section 168(h) of the Code or is "tax exempt bond financed property" within the meaning of Section 168(g) of the Code.

Section 3.9. Assumed Contracts. True and correct copies of all Assumed Contracts in effect as of the date hereof have been made available to Purchaser. Prior to Closing, Seller shall have made available to Purchaser all Assumed Contracts that came into effect after the date hereof. None of Seller or, to the knowledge of Seller, any other party to any Assumed Contract, is in default under any Assumed Contract, except for such defaults that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. To the knowledge of Seller, no event has occurred with respect to any Assumed Contract which, with the lapse of time or the giving of notice or both, would constitute a default under any Assumed Contract, except for such defaults that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

Section 3.10. No Brokers. Neither this Agreement nor the sale of the Assets was induced or procured through any Person acting on behalf of or representing Seller and no commissions or any other payment is due to any intermediary in connection therewith.

Section 3.11. Title to Properties. Seller has good and valid title to the Shares and the Assets and Maquiladora has good and valid title to all of its tangible properties and assets, except, in each case, where the failure to have such good and valid title, or valid leasehold interest, would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 3.12. Sufficiency of Assets. After giving effect to the transfers, conveyances and assignments contemplated by this Agreement, the Mexican Stock Purchase Agreement, the U.S. Asset Purchase Agreement and the agreements, documents and instruments executed and delivered pursuant hereto or thereto and after taking into account any services to be provided to Purchaser and Maquiladora pursuant to the Transition Services Agreement and the Supply Agreement, except for the Excluded Assets (other than the Intellectual Property being assigned pursuant to the U.S. Asset Purchase Agreement) and corporate services provided by Seller to Maquiladora immediately after the Closing, the assets of Maquiladora and the Assets will constitute all of the material assets and rights of Seller and Maquiladora that are necessary to conduct the operations of Maquiladora substantially as conducted on the date hereof.

Section 3.13. Insurance. Seller maintains insurance coverage in respect of the Assets with reputable insurers in such amounts and covering such risks as is deemed reasonably appropriate for its business (taking into account the cost and availability of such insurance).

ARTICLE IV

PURCHASER'S REPRESENTATIONS AND WARRANTIES

Purchaser hereby represents and warrants to Seller as of the date hereof and as of the Closing Date the following:

Section 4.1. Organization of Purchaser. Purchaser is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation.

Section 4.2. Authority; Enforceability. Purchaser has all requisite corporate power and authority to enter into this Agreement and perform its obligations under this Agreement. The execution, delivery and performance of this Agreement by Purchaser and the consummation by Purchaser of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Purchaser and the purchase of Assets and assumption of the Assumed Liabilities by Maquiladora, as Purchaser's designee have been duly authorized by all necessary corporate action on the part of Maquiladora. This Agreement has been duly authorized, executed and delivered by Purchaser and is a legally valid and binding obligation of Purchaser (assuming that this Agreement constitutes the valid and binding obligation of Seller) and is enforceable against Purchaser in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and similar Laws relating to or affecting creditors generally or by general equity principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 4.3. Consents; No Conflicts or Violations. Except for the Consents set forth on Schedule 4.3 and the Consents which if not obtained and maintained by Purchaser, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on Purchaser's ability to consummate the transactions contemplated by this Agreement, there are no Consents of any Governmental Authorities required in connection with (i) Purchaser's execution and delivery of this Agreement and the other agreements, documents and instruments to be executed and delivered by Purchaser in connection herewith or (ii) the performance by Purchaser of its obligations herein or therein or the consummation by Seller of the transactions contemplated hereby or thereby. Assuming receipt of all of the Consents set forth on Schedule 4.3 (including, any required HSR Act approval and any approval required by the Mexican Competition Commission under the Mexican Economic Competition Law), neither the execution or delivery by Purchaser of this Agreement nor the consummation by Purchaser of the transactions contemplated hereby will, with or without the giving of notice or the lapse of time or both, conflict with or result in a breach or violation of or give rise to a default or right of termination, amendment, cancellation or acceleration

under (i) any provision of Purchaser's Charter Documents, (ii) any material contract, agreement, note, bond, mortgage, indenture, lease, license, franchise, permit, concession, instrument or obligation to which Purchaser is a party or by which any of its properties or assets are bound or (iii) any Law or license or other requirement to which Purchaser or its properties or assets is subject, except, in the case of items (ii) and (iii) above only, for those which, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on Purchaser's ability to consummate the transactions contemplated by this Agreement.

Section 4.4. Litigation. Except as set forth on Schedule 4.4, there is no action, suit or proceeding or regulatory investigation pending or, to the knowledge of Purchaser, threatened against Purchaser affecting this Agreement before any court or arbitrator or any governmental body, agency or official, except for those which, if adversely determined, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on Purchaser's ability to consummate the transactions contemplated by this Agreement. Purchaser is not a party to or subject to any judgment, order, writ, injunction, or decree of any Governmental Authority or arbitrator, except as, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on Purchaser's ability to consummate the transactions contemplated by this Agreement.

Section 4.5. No Brokers. Neither this Agreement nor the purchase of the Assets was induced or procured through any Person acting on behalf of or representing Purchaser and no commissions or any other payment is due to any intermediary in connection therewith.

## ARTICLE V

## COVENANTS

The Parties hereby covenant as follows:

Section 5.1. Access.

(a) Access to Information by Purchaser Prior to Closing. Prior to Closing, subject to compliance with applicable laws, Seller and Maquiladora shall, upon reasonable request, afford to Purchaser and its Representatives reasonable access during normal business hours to all Books and Records. Purchaser shall coordinate its requests and activities under this Section 5.1 with Seller's need for security and will assist Seller in minimizing disruption to Maquiladora's normal business operations.

(b) Access to Information by Purchaser After Closing. From and after the Closing, Seller will afford to Purchaser and its Representatives (at Purchaser's

expense) reasonable access and duplicating rights during normal business hours and upon reasonable advance notice to all Books and Records and all books and records within Seller's possession or control relating to the Assets, insofar as such access is reasonably required by Purchaser.

(c) Access to Books and Records by Seller. Purchaser shall, following the Closing, give Seller and its Representatives such access, during normal business hours and upon reasonable prior notice, to the Books and Records and such other documents as shall be reasonably necessary for Seller in connection with its performance of its obligations hereunder and for any other reasonable purposes, and Purchaser will allow Seller and its Representatives to make extracts and copies thereof as may be necessary for such purposes at Seller's expense. Purchaser shall preserve and protect the Books and Records relating to periods prior to the Closing in its possession and control for the period required by the applicable records retention policy of Seller in effect immediately prior to the Closing. Purchaser shall offer to deliver the Books and Records relating to periods prior to the Closing to Seller prior to their destruction or other disposition.

(d) Production of Witnesses. Subject to Section 5.1(e), after the Closing, each Party will, and Purchaser will cause Maquiladora to, make available to the other Party, upon written request and at the cost and expense of the Party so requesting, its directors, officers, employees and agents as witnesses to the extent that any such Person may reasonably be required (giving consideration to business demands of such directors, officers, employees and agents) in connection with any Claims or administrative or other proceedings in which the requesting party may from time to time be involved and relating to the Assets or arising in connection with the relationship between the Parties on or prior to the Closing Date, provided that the same shall not unreasonably interfere with the conduct of business by the Party of which the request is made.

(e) Confidentiality. From and after the Closing, each of Seller and Purchaser shall hold, and shall use reasonable efforts to cause its Affiliates and Representatives to hold, in strict confidence all Information concerning the other Party in its possession or control prior to the Closing or furnished to it by another Party pursuant to the Merger and the transactions contemplated thereby and will not release or disclose such Information to any other Person, except its Affiliates and its and their Representatives, who will be bound by the provisions of this Section 5.1(e); provided, however, that any Person may disclose such Information to the extent that (a) disclosure is compelled by judicial or administrative process or, in the opinion of such Person's counsel, by other requirements of law (in which case the Party required to make such disclosure will notify the other Party as soon as practicable of such obligation or requirement and cooperate with the other Party to limit the Information required to be disclosed and to obtain a protective order or other appropriate remedy with respect to the

Information ultimately disclosed) or (b) such Person can show that such Information was (i) available to such Person on a non-confidential basis (other than from a Party) prior to its disclosure by such Person, (ii) in the public domain through no fault of such Person or (iii) lawfully acquired by such Person from another source after the time that it was furnished to such Person by the other Party or its Affiliates, Representatives or Subsidiaries, and not acquired from such source subject to any confidentiality obligation on the part of such source known to the acquiror, or on the part of the acquiror. Each Party acknowledges that it will be liable for any breach of this Section 5.1(e) by its Affiliates, Representatives and Subsidiaries. Notwithstanding the foregoing, each Party will be deemed to have satisfied its obligations under this Section 5.1(e) with respect to any Information (other than Privileged Information) if it exercises the same care with regard to such Information as it takes to preserve confidentiality for its own similar Information.

Section 5.2. Reasonable Best Efforts.

(a) Subject to the terms and conditions of this Agreement, each Party will use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, and to assist and cooperate with the other Party in doing or causing to be done, all things necessary, proper or advisable under this Agreement and applicable laws to consummate the transactions contemplated by this Agreement as soon as practicable after the date hereof, including (i) taking all reasonable actions to cause the conditions set forth in ARTICLES VI and VII to be satisfied as promptly as practicable, (ii) preparing and filing as promptly as practicable all documentation to obtain as promptly as practicable all Consents set forth on Schedules 3.3 and 4.3 and (iii) taking all reasonable steps as may be necessary to obtain all Consents set forth on Schedules 3.3 and 4.3. In furtherance and not in limitation of the foregoing, each Party hereto agrees to make (i) an appropriate filing (if applicable) of a Notification and Report Form pursuant to the HSR Act and any comparable filings (if applicable) pursuant to the Mexican Economic Competition Act with respect to the transactions contemplated hereby as promptly as practicable after the date hereof and (ii) all other necessary filings with other Governmental Authorities relating to the transactions contemplated herein, and, in each case, to supply as promptly as practicable any additional information and documentary material that may be requested pursuant to such applicable laws or by such Governmental Authorities and to use reasonable best efforts to cause the expiration or termination of the applicable waiting periods under the HSR Act and the Mexican Economic Competition Act and the receipt of the Consents set forth on Schedules 3.3 and 4.3 under such other applicable laws or from such Governmental Authorities as soon as practicable.

(b) Each of Seller and Purchaser shall, in connection with the efforts referenced in Section 5.2(a) to obtain all Consents set forth on Schedules 3.3 and 4.3, use its reasonable best efforts to (i) cooperate in all respects with each other in connection with any filing or submission and in connection with any investigation or other inquiry,

including any proceeding initiated by a private party, (ii) promptly inform the other Party of any communication received by such Party from, or given by such Party to, the Antitrust Division of the Department of Justice (the "DOJ"), the Federal Trade Commission (the "FTC"), the Mexican Competition Commission or any other Governmental Authority and of any material communication received or given in connection with any proceeding by a private party, in each case regarding any of the transactions contemplated hereby, and (iii) permit the other Party to review any communication given by it to, and consult with each other in advance of any meeting or conference with, the DOJ, the FTC, the Mexican Competition Commission or any such other Governmental Authority or, in connection with any proceeding by a private party, with any other Person, and to the extent appropriate or permitted by the DOJ, the FTC, the Mexican Competition Commission or such other applicable Governmental Authority or other Person, give the other Party the opportunity to attend and participate in such meetings and conferences.

(c) In furtherance and not in limitation of the covenants of the Parties contained in Section 5.2(a) and Section 5.2(b), if any administrative or judicial action or proceeding, including any proceeding by a private party, is instituted (or threatened to be instituted) challenging any transaction contemplated by this Agreement as violative of any applicable laws, or if any statute, rule, regulation, executive order, decree, injunction or administrative order is enacted, entered, promulgated or enforced by a Governmental Authority which would make transactions contemplated hereby illegal or would otherwise prohibit or materially impair or delay the consummation of the transactions contemplated hereby, each of the Parties shall cooperate in all respects with each other and use its respective reasonable best efforts to contest and resist any such action or proceeding and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the transactions contemplated by this Agreement and to have such statute, rule, regulation, executive order, decree, injunction or administrative order repealed, rescinded or made inapplicable so as to permit the consummation of the transactions contemplated by this Agreement.

(d) Notwithstanding the foregoing or any other provision of this Agreement, nothing in this Section 5.2 shall create an obligation by the Parties to take any action in addition to the actions required to be taken pursuant to the Merger Agreement to consummate the Merger.

Section 5.3. Conduct of Business by Seller. From the date hereof until the Closing Date, Seller shall (and shall cause Maquiladora to), except as expressly required or permitted by this Agreement and except as otherwise consented to in writing by Purchaser:

(i) employ the Assets in the ordinary course of business consistent with past practice;

(ii) not engage the Assets in any new material line of business;

(iii) not grant, create, incur or suffer to exist any Encumbrance (other than a Permitted Encumbrance granted, created, incurred or suffered to exist in the ordinary course of business consistent with past practice) on the Assets; and

(iv) not authorize, or commit or agree to take, any of the foregoing actions.

Section 5.4. Supplements to Schedules. From time to time up to the Closing, Seller and Purchaser may supplement or amend the Schedules after they have been delivered pursuant to this Agreement with respect to any matter first existing or occurring on or after the date hereof which, if existing or occurring at or prior to the date hereof, would have been required to be set forth or described in such Schedules or which is necessary to correct any information in such Schedules which has been rendered inaccurate thereby; provided, however, that if any facts that give rise to such matter existed or occurred on or before the date hereof, no such supplement or amendment may be made under this Section 5.4 with respect thereto. Any such supplement or amendment to any Schedule shall not, following Closing, constitute a basis for any Claim for indemnification pursuant to ARTICLE IX; provided, however, that no such supplement or amendment shall be deemed to cure any breach of any representations or warranties made pursuant to this Agreement for purposes of Section 7.1(a) or Section 7.2(a).

Section 5.5. Insurance.

(a) Coverage. Subject to the provisions of this Section 5.5, coverage of the Assets under all Policies shall cease as of the Closing. From and after the Closing, Purchaser will be responsible for obtaining and maintaining all insurance coverages for the Assets. All Policies will be retained by Seller and Seller's Subsidiaries, together with all rights, benefits and privileges thereunder (including the right to receive any and all return premiums with respect thereto), except that Purchaser will have the rights in respect of Policies to the extent described in Section 5.5(b).

(b) Rights Under Policies. From and after the Closing, Purchaser will have no rights with respect to any Policies, except that (i) Purchaser will have the right to assert claims (and Seller will use commercially reasonable efforts to assist Purchaser in asserting claims) for any loss, liability or damage with respect to the Assets under Policies with third-party insurers which are "occurrence basis" insurance policies ("Occurrence Basis Policies") arising out of insured incidents occurring from the date coverage thereunder first commenced until the Closing to the extent that the terms and conditions of any such Occurrence Basis Policies and agreements relating thereto so

allow and (ii) Purchaser will have the right to continue to prosecute claims with respect to the Assets properly asserted with an insurer prior to the Closing (and Seller will use commercially reasonable efforts to assist Purchaser in connection therewith) under Policies with third-party insurers which are insurance policies written on a "claims made" basis ("Claims Made Policies") arising out of insured incidents occurring from the date coverage thereunder first commenced until the Closing to the extent that the terms and conditions of any such Claims Made Policies and agreements relating thereto so allow, provided, that in the case of both clauses (i) and (ii) above, (A) all of Seller's reasonable out-of-pocket costs and expenses incurred in connection with the foregoing are promptly paid by Purchaser, (B) Seller may, at any time, without liability or obligation to Purchaser (other than as set forth in Section 5.5(c)), amend, commute, terminate, buy-out, extinguish liability under or otherwise modify any Occurrence Basis Policies or Claims Made Policies (and such claims shall be subject to any such amendments, commutations, terminations, buy-outs, extinguishments and modifications), (C) such claims will be subject to (and recovery thereon will be reduced by the amount of) any applicable deductibles, retentions or self-insurance provisions, (D) such claims will be subject to (and recovery thereon will be reduced by the amount of) any payment or reimbursement obligations of Seller, any of Seller's Subsidiaries or any Affiliate of Seller or any of Seller's Subsidiaries in respect thereof and (E) such claims will be subject to exhaustion of existing aggregate limits. Seller's obligation to use commercially reasonable efforts to assist Purchaser in asserting claims under applicable Policies will include using commercially reasonable efforts in assisting Purchaser to establish its right to coverage under such Policies (so long as all of Seller's reasonable out-of-pocket costs and expenses in connection therewith are promptly paid by Purchaser). None of Seller or Seller's Subsidiaries will bear any Liability for the failure of an insurer to pay any claim under any Policy. It is understood that any Claims Made Policies will not provide any coverage to Purchaser for incidents occurring prior to the Closing but which are asserted with the insurance carrier after the Closing.

(c) Seller Actions. In the event that after the Closing, Seller proposes to amend, commute, terminate, buy-out, extinguish liability under or otherwise modify any Policies under which Purchaser has rights to assert claims pursuant to Section 5.5(b) in a manner that would adversely affect any such rights of Purchaser, (i) Seller will give Purchaser prior notice thereof and consult with Purchaser with respect to such action (it being understood that the decision to take any such action will be in the sole discretion of Seller) and (ii) Seller will pay to Purchaser its equitable share (which shall be determined by Seller in good faith based on the amount of premiums paid by or allocated to Purchaser in respect of the applicable Policy) of any net proceeds actually received by Seller from the insurer under the applicable Policy as a result of such action by Seller (after deducting Seller's reasonable costs and expenses incurred in connection with such action).

(d) Administration. From and after the Closing:

(i) Seller or a Subsidiary of Seller, as appropriate, will be responsible for the Claims Administration with respect to claims of Seller and Seller's Subsidiaries under Policies; and

(ii) Purchaser will be responsible for the Claims Administration with respect to claims of Purchaser under Policies.

(e) Insurance Premiums. From and after the Closing, Seller will pay all premiums (retrospectively-rated or otherwise) as required under the terms and conditions of the respective Policies in respect of periods prior to the Closing, whereupon Purchaser will, upon the request of Seller, forthwith reimburse Seller for that portion of such premiums paid by Seller as are reasonably determined by Seller to be attributable to the Assets.

(f) Agreement for Waiver of Conflict and Shared Defense. In the event that a Policy provides coverage for both Seller and/or a Subsidiary of Seller, on the one hand, and Purchaser, on the other hand, relating to the same occurrence, Seller and Purchaser agree to defend jointly and to waive any conflict of interest necessary to the conduct of that joint defense. Nothing in this Section 5.5(f) will be construed to limit or otherwise alter in any way the indemnity obligations of the parties to this Agreement, including those created by this Agreement, by operation of law or otherwise.

## ARTICLE VI

## CONDITIONS TO SELLER'S AND PURCHASER'S OBLIGATIONS

The obligations of Seller and Purchaser to complete the transactions contemplated by this Agreement are subject to the satisfaction, on or prior to the Closing, of each of the following conditions precedent; provided, however, that upon consummation of the Merger, all conditions precedent contained in this ARTICLE VI shall be deemed fully satisfied for purposes of this ARTICLE VI:

Section 6.1. HSR Act. The waiting period (and any extension thereof) applicable to the transactions contemplated by this Agreement under the HSR Act shall have been terminated or shall have expired.

Section 6.2. Mexican Competition Commission Approval. Seller and Purchaser shall have received the required consent or approval of the Mexican Competition Commission.

Section 6.3. No Injunctions or Restraints, Illegality. No Laws shall have been adopted, promulgated or enforced by any Governmental Authority, and no

temporary restraining order, preliminary or permanent injunction or other order issued by a court or other Governmental Authority of competent jurisdiction (an "Injunction") shall be in effect, having the effect of making the transactions contemplated under this Agreement illegal or otherwise prohibiting such transactions. No proceeding initiated by any Governmental Authority seeking, and which is reasonably likely to result in the granting of, an Injunction shall be pending.

Section 6.4. Completion of the Merger. The Merger shall have been consummated.

Section 6.5. Completion of the Stock Purchase. The transactions contemplated by the Mexican Stock Purchase Agreement and the U.S. Asset Purchase Agreement shall have been consummated.

## ARTICLE VII

## ADDITIONAL CONDITIONS TO SELLER'S AND PURCHASER'S OBLIGATIONS

Section 7.1. Conditions to Seller's Obligations. The obligations of Seller to complete the transactions contemplated by this Agreement are subject to the satisfaction, on or prior to the Closing, of each of the following conditions precedent; provided, however, that upon consummation of the Merger, all conditions precedent contained in this Section 7.1 shall be deemed fully satisfied for purposes of this ARTICLE VII:

(a) Representations, Warranties and Covenants. Each of the representations and warranties of Purchaser contained in this Agreement shall be true and correct (without giving effect to any qualification or limitation as to materiality or material adverse effect set forth therein) in each case as of the date hereof and (except to the extent that such representations and warranties speak solely as to another date) as of the Closing Date as though made on and as of the Closing Date, except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on the ability of Purchaser to consummate the transactions contemplated in this Agreement.

(b) Performance of Obligations of Purchaser. Purchaser (i) shall have performed or complied with all agreements and covenants required to be performed by it under this Agreement at or prior to the Closing Date that are qualified as to materiality or material adverse effect and (ii) shall have performed or complied in all material respects with all other agreements and covenants required to be performed by it under this Agreement at or prior to the Closing Date that are not so qualified.

Section 7.2. Conditions to Purchaser's Obligations. The obligations of Purchaser to complete the transactions contemplated by this Agreement are subject to the satisfaction, on or prior to the Closing, of each of the following conditions precedent; provided, however, that upon consummation of the Merger, all conditions precedent contained in this Section 7.2 shall be deemed fully satisfied for purposes of this ARTICLE VII:

(a) Representations, Warranties and Covenants. Each of the representations and warranties of Seller contained in this Agreement shall have been true and correct (without giving effect to any qualification or limitation as to materiality or Material Adverse Effect set forth therein) in each case as of the date hereof and (except to the extent that such representations and warranties speak solely as to another date) as of the Closing Date as though made on and as of the Closing Date, except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not reasonably be expected to have a Closing Material Adverse Effect.

(b) Performance of Obligations of Seller. Seller (i) shall have performed or complied with all agreements and covenants required to be performed by it under this Agreement at or prior to the Closing Date that are qualified as to materiality or Material Adverse Effect and (ii) shall have performed or complied in all material respects with all other agreements and covenants required to be performed by it under this Agreement at or prior to the Closing Date that are not so qualified.

## ARTICLE VIII

## CLOSING

The Closing shall, unless another time and date is agreed to in writing by the Parties, take place immediately following the Closing (as defined in the Merger Agreement) under the Merger Agreement and the Closing (as defined in the Mexican Stock Purchase Agreement) under the Mexican Stock Purchase Agreement and will be effective immediately following the Effective Time (the time and date of such Closing being herein called the "Closing Date"). The Closing will take place at the offices of Chadbourne & Parke LLP, 30 Rockefeller Plaza, New York, New York 10112, or such other place as the Parties may agree. On the Closing Date, the Parties hereto shall deliver the following:

Section 8.1. Deliveries by Seller. (a) At the Closing, Seller shall deliver to Maquiladora (as Purchaser's designee) the following, which in the case of documents shall be reasonably satisfactory to Purchaser:

(i) an Assets Bill of Sale and Assignment and Assumption Agreement, duly executed by Seller, in form and substance reasonably satisfactory to Purchaser;

(ii) the Assets; and

(iii) all documents of title and instruments of conveyance necessary to transfer record and beneficial ownership to Purchaser of all Assets which require execution, endorsement or delivery of such a document under applicable Law in order to vest record or beneficial ownership thereto in Purchaser.

Section 8.2. Deliveries by Purchaser. At the Closing, immediately following the deliveries required to consummate the purchase and sale of the Purchased Shares, Purchaser shall cause Maquiladora to deliver to Seller the following documents which shall be reasonably satisfactory to Seller:

(i) (A) cash payment of the Purchase Price (via wire transfer of immediately available funds, pursuant to Section 2.2), or (B) the Assets Promissory Note, duly executed by Maquiladora, in which case, Purchaser and/or Maquiladora, as the case may be, shall deliver to Seller at Closing such other agreements and documents as shall be required by the terms of the Financing Agreement in connection with the Assets Promissory Note; and

(ii) an Asset Bill of Sale and Assignment and Assumption Agreement, duly executed by Maquiladora, in form and substance reasonably satisfactory to Seller.

## ARTICLE IX

## INDEMNIFICATION

Section 9.1. Indemnification by Seller. Subject to the limitations on and procedures for indemnification set forth in this ARTICLE IX, Seller shall indemnify, defend and hold harmless Purchaser, its designee and their respective Representatives and Affiliates and each of the heirs, executors, successors and assigns of any of the foregoing (the "Purchaser Indemnified Parties") from and against, and pay or reimburse, as the case may be, the Purchaser Indemnified Parties for, any Damages, as incurred, suffered by any Purchaser Indemnified Parties to the extent based upon, arising out of or relating to the following:

(i) the breach of any representation or warranty of Seller contained in this Agreement;

(ii) the breach by Seller of any covenant or agreement of Seller contained in this Agreement;

(iii) the Excluded Liabilities (including the failure of Seller to pay, perform or otherwise discharge any Excluded Liability in accordance with its terms); or

(iv) the Excluded Assets.

Section 9.2. Indemnification by Purchaser. Subject to the limitations on and procedures for indemnification set forth in this ARTICLE IX, Purchaser shall indemnify, defend and hold harmless Seller and its Representatives and Affiliates and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Seller Indemnified Parties") from and against, and pay or reimburse, as the case may be, the Seller Indemnified Parties for, any Damages, as incurred, suffered by any Seller Indemnified Parties to the extent based upon, arising out of or relating to the following:

(i) the breach of any representation or warranty of Purchaser contained in this Agreement;

(ii) the breach by Purchaser of any covenant or agreement of Purchaser contained in this Agreement; or

(iii) the Assumed Liabilities (including, except as provided in Section 12.16, the failure of Purchaser or Purchaser's designee as the case may be, to pay, perform or otherwise discharge any Assumed Liability in accordance with its terms).

Section 9.3. Limitations on Indemnification Obligations. (a) The amount which any Party (an "Indemnifying Party") is or may be required to pay to any Person (an "Indemnified Party") in respect of Damages or other Liability for which indemnification is provided under this Agreement shall be reduced by any amounts actually received (including Insurance Proceeds actually received) by or on behalf of such Indemnified Party (net of increased insurance premiums and charges to the extent related to Damages and costs and expenses (including reasonable legal fees and expenses) incurred by such Indemnified Party in connection with seeking to collect and collecting such amounts) in respect of such Damages or other Liability (such net amounts are referred to herein as "Indemnity Reduction Amounts"). If any Indemnified Party receives any Indemnity Reduction Amounts in respect of Damages for which indemnification is provided under this Agreement after the full amount of such Damages has been paid by an Indemnifying Party or after an Indemnifying Party has made a partial payment of such Damages and such Indemnity Reduction Amounts exceed the remaining unpaid balance of such Damages, then the Indemnified Party shall promptly remit to the Indemnifying Party an amount equal to the excess (if any) of (A) the amount theretofore paid by the

Indemnifying Party in respect of such Damages, less (B) the amount of the indemnity payment that would have been due if such Indemnity Reduction Amounts in respect thereof had been received before the indemnity payment was made.

(b) In determining the amount of any indemnity payment under this Agreement, such amount shall be (i) reduced to take into account any net Tax benefit realized by the Indemnified Party and its Affiliates arising from the incurrence or payment by the Indemnified Party or its Affiliates of any amount in respect of which such payment is made and (ii) increased to take into account any net Tax cost incurred by the Indemnified Party and its Affiliates as a result of the receipt or accrual of payments hereunder (grossed-up for such increase), in each case determined by treating the Indemnified Party and its Affiliates as recognizing all other items of income, gain, loss, deduction or credit before recognizing any item arising from the receipt of accrual of any payment hereunder. In determining the amount of any such Tax benefit or Tax cost, the Indemnified Party and its Affiliates shall be deemed to be subject to the applicable Taxes at the maximum statutory rate then in effect. It is the intention of the Parties to this Agreement that payments made pursuant to this Agreement are to be treated as relating back to the Closing Date as a purchase price adjustment, and the Parties shall not take any position inconsistent with such intention before any Tax authority, except to the extent that a final determination (as defined in Section 1313 of the Code) with respect to the recipient party causes any such payment not to be so treated.

(c) No monetary amount will be payable by Seller to any Purchaser Indemnified Party with respect to the indemnification of any claims pursuant to Section 9.1(i) until the aggregate amount of Damages actually incurred by the Purchaser Indemnified Parties with respect to such claims, together with the aggregate amount of Damages (as defined in the Mexican Asset Purchase Agreement solely for purposes of this Agreement) actually incurred by the Purchaser Indemnified Parties (as defined in the Mexican Asset Purchase Agreement) with respect to indemnification claims pursuant to Section 9.1(i) of the Mexican Asset Purchase Agreement, shall exceed on a cumulative basis an amount equal to one million dollars (U.S.$1,000,000), in which event Seller shall be responsible only for the amount of such Damages in excess of one million dollars (U.S.$1,000,000). No monetary amount will be payable by Seller to any Purchaser Indemnified Party with respect to the indemnification of any claims pursuant to Section 9.1(i) after the aggregate amount of Damages actually paid by Seller with respect to such claims, together with the aggregate amount of Damages (as defined in the Mexican Asset Purchase Agreement) actually paid by Seller with respect to indemnification claims pursuant to Section 9.1(i) of the Mexican Asset Purchase Agreement, shall equal on a cumulative basis an amount equal to ten million dollars (U.S.$10,000,000).

(d) No monetary amount will be payable by Purchaser to any Seller Indemnified Party with respect to the indemnification of any claims pursuant to

Section 9.2(i) until the aggregate amount of Damages actually incurred by the Seller Indemnified Parties with respect to such claims, together with the aggregate amount of Damages (as defined in the Mexican Asset Purchase Agreement) actually incurred by the Seller Indemnified Parties (as defined in the Mexican Asset Purchase Agreement) with respect to indemnification claims pursuant to Section 9.2(i) of the Mexican Asset Purchase Agreement, shall exceed on a cumulative basis an amount equal to one million dollars (U.S.$1,000,000), in which event Purchaser shall be responsible only for the amount of such Damages in excess of one million dollars (U.S.$1,000,000). No monetary amount will be payable by Purchaser to any Seller Indemnified Party with respect to the indemnification of any claims pursuant to Section 9.2(i) after the aggregate amount of Damages actually paid by Purchaser with respect to such claims, together with the aggregate amount of Damages (as defined in the Mexican Asset Purchase Agreement) actually paid by Purchaser with respect to indemnification claims pursuant to Section 9.2(i) of the Mexican Asset Purchase Agreement, shall equal on a cumulative basis an amount equal to ten million dollars (U.S.$10,000,000).

Section 9.4. Procedures Relating to Indemnification. (a) If a claim or demand is made against an Indemnified Party, or an Indemnified Party shall otherwise learn of an assertion, by any Person who is not a party to this Agreement (or an Affiliate thereof) as to which an Indemnifying Party may be obligated to provide indemnification pursuant to this Agreement (a "Third Party Claim"), such Indemnified Party will notify the Indemnifying Party in writing, and in reasonable detail, of the Third Party Claim reasonably promptly after becoming aware of such Third Party Claim; provided, however, that failure to give such notification will not affect the indemnification provided hereunder except to the extent the Indemnifying Party shall have been actually prejudiced as a result of such failure. Thereafter, the Indemnified Party will deliver to the Indemnifying Party, promptly after the Indemnified Party's receipt thereof, copies of all material notices and documents (including court papers) received or transmitted by the Indemnified Party's relating to the Third Party Claim.

(b) If a Third Party Claim is made against an Indemnified Party, the Indemnifying Party will be entitled to participate in or to assume the defense thereof (in either case, at the expense of the Indemnifying Party) with counsel selected by the Indemnifying Party and reasonably satisfactory to the Indemnified Party. Should the Indemnifying Party so elect to assume the defense of a Third Party Claim, the Indemnifying Party will not be liable to the Indemnified Party for any legal or other expenses subsequently incurred by the Indemnified Party in connection with the defense thereof; provided, however, that if in the Indemnified Party's reasonable judgment a conflict of interest exists in respect of such claim or if the Indemnifying Party shall have assumed responsibility for such claim with any reservations or exceptions, such Indemnified Party will have the right to employ separate counsel reasonably satisfactory to the Indemnifying Party to represent such Indemnified Party and in that event the reasonable fees and expenses of such separate counsel (but not more than one separate

counsel for all Indemnified Parties similarly situated) shall be paid by such Indemnifying Party. If the Indemnifying Party assumes the defense of any Third Party Claim, the Indemnified Party will have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Indemnifying Party, it being understood that the Indemnifying Party will control such defense. The Indemnifying Party will be liable for the reasonable fees and expenses of counsel employed by the Indemnified Party for any period during which the Indemnifying Party has failed to assume the defense thereof. If the Indemnifying Party assumes the defense of any Third Party Claim, the Indemnifying Party will promptly supply to the Indemnified Party copies of all material correspondence and documents relating to or in connection with such Third Party Claim and keep the Indemnified Party fully informed of all material developments relating to or in connection with such Third Party Claim (including providing to the Indemnified Party on request updates and summaries as to the status thereof). If the Indemnifying Party chooses to defend a Third Party Claim, the Parties will cooperate in the defense thereof (such cooperation to be at the expense, including reasonable legal fees and expenses, of the Indemnifying Party), which cooperation shall include the retention in accordance with this Agreement and (upon the Indemnifying Party's request) the provision to the Indemnifying Party of records and information which are reasonably relevant to such Third Party Claim, and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

(c) No Indemnifying Party will consent to any settlement, compromise or discharge (including the consent to entry of any judgment) of any Third Party Claim without the Indemnified Party's prior written consent (which consent will not be unreasonably withheld); provided, however, that if the Indemnifying Party assumes the defense of any Third Party Claim, the Indemnified Party will agree to any settlement, compromise or discharge of such Third Party Claim which the Indemnifying Party may recommend and which by its terms obligates the Indemnifying Party to pay the full amount of Damages in connection with such Third Party Claim and unconditionally and irrevocably releases the Indemnified Party and its Affiliates completely from all Liability in connection with such Third Party Claim; provided, however, that the Indemnified Party may refuse to agree to any such settlement, compromise or discharge (x) that provides for injunctive or other non-monetary relief affecting the Indemnified Party or any of its Affiliates or (y) that, in the reasonable opinion of the Indemnified Party, would otherwise materially adversely affect the Indemnified Party or any of its Affiliates. Whether or not the Indemnifying Party shall have assumed the defense of a Third Party Claim, the Indemnified Party will not (unless required by law) admit any liability with respect to, or settle, compromise or discharge, such Third Party Claim without the Indemnifying Party's prior written consent (which consent will not be unreasonably withheld).

(d) Any claim on account of Damages which does not involve a Third Party Claim will be asserted by reasonably prompt written notice given by the Indemnified Party to the Indemnifying Party from whom such indemnification is sought. The failure by any Indemnified Party to so notify the Indemnifying Party will not relieve the Indemnifying Party from any liability which it may have to such Indemnified Party under this Agreement, except to the extent that the Indemnifying Party shall have been actually prejudiced by such failure.

(e) In the event of payment in full by an Indemnifying Party to any Indemnified Party in connection with any Third Party Claim, such Indemnifying Party will be subrogated to and shall stand in the place of such Indemnified Party as to any events or circumstances in respect of which such Indemnified Party may have any right or claim relating to such Third Party Claim against any claimant or plaintiff asserting such Third Party Claim or against any other Person. Such Indemnified Party will cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right or claim.

Section 9.5. Sole and Exclusive Remedy. The indemnities contained in this ARTICLE IX and ARTICLE X shall be the sole and exclusive remedies of the Parties hereto, their Affiliates, successors and assigns with respect to any and all claims arising out of or relating to this Agreement, the transactions contemplated hereby, any provision hereof or the breach or performance thereof.

Section 9.6. Termination of Indemnification Obligations. Except as set forth in the following sentence, the indemnification obligations of each of Seller and Purchaser hereunder will survive the Closing, including surviving the sale or other transfer by any party to this Agreement of any assets or businesses or the assignment by any party of any Liabilities. The obligations of each Party to indemnify, defend and hold harmless Indemnified Parties (i) pursuant to Sections 9.1(i) and 9.2(i), shall terminate when the applicable representation or warranty expires pursuant to Section 12.4, (ii) pursuant to Sections 9.1(ii) and 9.2(ii) shall terminate upon the expiration of all applicable statutes of limitation (giving effect to any extensions thereof, other than extensions caused by the applicable Indemnified Party) and (iii) pursuant to Sections 9.1(iii), 9.1(iv) and 9.2(iii) shall continue without time limitation and shall not terminate at any time; provided, however, that as to clauses (i) and (ii) above, such obligations to indemnify, defend and hold harmless shall not terminate with respect to any individual claim as to which the Indemnified Party shall have, before the expiration of the applicable period, previously delivered a notice (stating in reasonable detail the basis of such claim) to the Indemnifying Party.

Section 9.7. Effect of Investigation. The right to indemnification pursuant to Sections 9.1(i) and 9.2(i) shall not be affected by any investigation conducted with

respect to, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement.

Section 9.8. Tax Matters. Notwithstanding anything in Sections 9.1, 9.2, 9.4 or 9.5 to the contrary, ARTICLE X will be the exclusive agreement among the Parties with respect to indemnification, procedures and remedies with respect to Tax matters.

## ARTICLE X

## TAX MATTERS

Section 10.1. Preparation and Filing of Tax Returns. Seller shall prepare and file or cause to be prepared and filed all Tax Returns (including amendments thereto) which are required to be filed in respect of the Assets for any taxable period ending on or before the Closing Date and any taxable period that includes (but does not end on) the Closing Date (a "Straddle Period"). Purchaser hereby irrevocably designates, and agrees to cause each of its Affiliates to designate, Seller as its agent to take any and all actions necessary or incidental to the preparation and filing of such Tax Returns. All Tax Returns (including amendments thereto) required to be filed in respect of the Assets for taxable periods beginning after the Closing Date shall be the responsibility of Purchaser.

Section 10.2. Consistent with Past Practice. Unless Seller and Purchaser otherwise agree in writing, all Tax Returns (including amendments thereto) described in Section 10.1 filed after the Closing Date for taxable periods ending on or before the Closing Date or Straddle Periods, in the absence of a controlling change in law or circumstances, shall be prepared on a basis consistent with the elections, accounting methods, conventions and principles of taxation used for the most recent taxable periods for which Tax Returns involving similar matters have been filed. Upon request of Purchaser, Seller shall make available a draft of such Tax Return (or relevant portions thereof) for review and comment by Purchaser. Subject to the provisions of this Agreement, all decisions relating to the preparation of Tax Returns shall be made in the sole discretion of the party responsible under this Agreement for such preparation.

Section 10.3. Payment of Taxes. Except as otherwise provided in this Agreement, Seller shall pay or cause to be paid, on a timely basis, all Taxes due with respect to the Assets for taxable periods ending on or before the Closing Date and the portion of any Straddle Period ending on the Closing Date. Purchaser shall pay or cause to be paid, on a timely basis, all Taxes due with respect to the Assets for taxable periods beginning after the Closing Date and the portion of any Straddle Period beginning on the day after the Closing Date.

Section 10.4. Allocation of Straddle Period Taxes. In the case of any Straddle Period:

(a) Periodic Taxes. (i) The periodic Taxes with respect to the Assets that are not based on income or receipts (e.g., property Taxes) for the portion of any Straddle Period which ends on the Closing Date shall be computed based on the ratio of the number of days in such portion of the Straddle Period and the number of days in the entire taxable period, and (ii) the periodic Taxes with respect to the Assets that are not based on income or receipts for the portion of any Straddle Period beginning on the day after the Closing Date shall be computed based on the ratio of the number of days in such portion of the Straddle Period and the number of days in the entire taxable period.

(b) Non-Periodic Taxes. (i) The Taxes of Purchaser or its business, assets or activities for that portion of any Straddle Period ending on the Closing Date (other than Taxes described in Section 10.4(a) above), shall be computed on a "closing-of-the-books" basis as if such taxable period ended as of the close of business on the Closing Date, and (ii) the Taxes of Purchaser or its business, assets or activities for that portion of any Straddle Period beginning after the Closing Date (other than Taxes described in Section 10.4(a) above), shall be computed on a "closing-of-the-books" basis as if such taxable period began on the day after the Closing Date.

Section 10.5. Tax Refunds and Carrybacks.

(a) Retention and Payment of Tax Refunds. Except as otherwise provided in this Agreement, Seller shall be entitled to retain, and to receive within ten days after Actually Realized by Purchaser and its Affiliates, the portion of all refunds or credits of Taxes for which Seller is liable pursuant to Section 10.3 or Section 10.6(a), and Purchaser shall be entitled to retain, and to receive within ten days after Actually Realized by Seller and its Affiliates, the portion of all refunds or credits of Taxes for which Purchaser is liable pursuant to Section 10.3 or Section 10.6(b). The amount of any refund or credit of Taxes to which Seller or Purchaser is entitled to retain or receive pursuant to the foregoing sentence shall be reduced to take account of any Taxes incurred by Purchaser and its Affiliates, in the case of a refund or credit to which Seller is entitled, or Seller and its Affiliates, in the case of a refund or credit to which Purchaser is entitled, upon the receipt of such refund or credit.

(b) Carrybacks. Unless the parties otherwise agree in writing, Purchaser shall elect where permitted by law, to carry forward any net operating loss, net capital loss, charitable contribution or other item arising after the Closing Date that could, in the absence of such election, be carried back to a taxable period ending on or before the Closing Date. Except as otherwise provided in this Agreement, notwithstanding the provisions of Section 10.5(a), (i) any refund or credit of Taxes resulting from the carryback of any item of Taxes attributable to Purchaser or its Affiliates arising in a taxable period beginning after the Closing Date to a taxable period ending on or before the Closing Date or that portion of any Straddle Period that ends on the Closing Date shall be for the account and benefit of Purchaser and its Affiliates, and (ii) any refund or

credit of Taxes resulting from the carryback of any item of Taxes attributable to Seller or its Affiliates arising in a taxable period beginning after the Closing Date to a taxable period ending on or before the Closing Date or that portion of any Straddle Period that ends on the Closing Date shall be for the account and benefit of Seller and its Affiliates.

(c) Refund Claims. Seller shall be permitted to file at Seller's sole expense, and Purchaser shall reasonably cooperate with Seller in connection with, any claims for refund of Taxes to which Seller is entitled pursuant to this Section 10.5 or any other provision of this Agreement. Seller shall reimburse Purchaser for any reasonable out-of-pocket costs and expenses incurred by Purchaser and its Representatives or Affiliates in connection with such cooperation. Purchaser shall be permitted to file at Purchaser's sole expense, and Seller shall reasonably cooperate with Purchaser in connection with, any claims for refunds of Taxes to which Purchaser is entitled pursuant to this Section 10.5 or any other provision of this Agreement. Purchaser shall reimburse Seller for any reasonable out-of-pocket costs and expenses incurred by Seller and its Representatives and Affiliates in connection with such cooperation.

Section 10.6. Tax Indemnification.

(a) Seller Indemnification. Seller shall be liable for, and shall indemnify, defend and hold harmless the Purchaser Indemnified Parties from and against:

(i) all Taxes due with respect to the Assets for taxable periods ending on or before the Closing Date and the portion of any Straddle Period ending on the Closing Date;

(ii) all Taxes for any Tax period (whether beginning before, on or after the Closing Date) attributable to the breach by Seller or its Affiliates of any representation, warranty, covenant or obligation under this Agreement;

(iii) all liability for a breach by Seller of any representation, warranty, covenant, or obligation under this Agreement with respect to Tax matters; and

(iv) all liability for any reasonable legal, accounting, appraisal, consulting or similar fees and expenses relating to the foregoing.

Notwithstanding the foregoing, Seller shall not indemnify, defend or hold harmless the Purchaser Indemnified Parties from any liability for Taxes attributable to a Purchaser Tax Act. A Purchaser Tax Act shall mean any action specified in Schedule 10.6(a) attached hereto. Seller's obligations under this Section 10.6(a) shall not be subject to the limitations in Section 9.3 of this Agreement.

(b) Purchaser Indemnification. Purchaser shall be liable for, and shall indemnify, defend and hold harmless the Seller Indemnified Parties from and against:

(i) all Taxes due with respect to the Assets (other than Taxes for which Seller is obligated to provide indemnification pursuant to Section 10.6(a)(i));

(ii) all Taxes for any Tax period (whether beginning before, on or after the Closing Date) attributable to the breach by Purchaser or its Affiliates of any representation, warranty, covenant or obligation under this Agreement;

(iii) all liability for a breach by Purchaser of any representation, warranty, covenant, or obligation under this Agreement with respect to Tax matters;

(iv) all Taxes attributable to a Purchaser Tax Act; and

(v) all liability for any reasonable legal, accounting, appraisal, consulting or similar fees and expenses relating to the foregoing.

Purchaser's obligation under this Section 10.6(b) shall not be subject to the limitations in Section 9.3 of this Agreement.

Section 10.7. Notice of Indemnity. Whenever an Indemnified Party becomes aware of the existence of an issue raised by any Tax authority which could reasonably be expected to result in a determination that would increase the liability for any Tax of the other Party hereto or any of its Representatives or Affiliates for any Tax period or require a payment hereunder by the other party (hereinafter an "Indemnity Issue"), the Indemnified Party shall in good faith promptly give notice to an Indemnifying Party of such Indemnity Issue. The failure of the Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations under this Agreement, except to the extent such Indemnifying Party or any of its Representatives or Affiliates is actually prejudiced by such failure to give notice.

Section 10.8. Payments.

(a) Timing Adjustments. In the event that a final determination (which shall include the execution of a Form 870-AD or successor form) results in a timing difference (e.g., an acceleration of income or delay of deductions) that would increase Seller's liability for Taxes pursuant to ARTICLE IX or this ARTICLE X or results in a timing difference (e.g., an acceleration of deductions or delay of income) that would increase Purchaser's liability for Taxes pursuant to ARTICLE IX or this ARTICLE X, Purchaser or Seller, as the case may be, will promptly make payments to Seller or Purchaser as and when Purchaser or Seller (or its Affiliates), as the case may be, actually realizes any Tax benefits as a result of such timing difference (or under such other method for determining the present value of any such anticipated Tax benefits as agreed to by the Parties).

(b) Time for Payment. Any indemnity payment required to be made pursuant to this Agreement shall be paid within thirty days after the Indemnified Party makes written demand upon the Indemnifying Party, provided that in no event shall such payment be required to be made earlier than five business days prior to the date on which the relevant Taxes (including estimated Taxes) are required to be paid (or would be required to be paid if no such Taxes are due) to the relevant Tax authority.

Section 10.9. Tax Contests. The Indemnifying Party and its Representatives, at the Indemnifying Party's expense, shall be entitled to participate (a) in all conferences, meetings and proceedings with any Tax authority, the subject matter of which is or includes an Indemnity Issue and (b) in all appearances before any court, the subject matter of which is or includes an Indemnity Issue. The Party who has responsibility for filing the Tax Return under this Agreement with respect to which there could be an increase in liability for any Tax or with respect to which a payment could be required hereunder shall have the right to decide as between the Parties hereto how such matter is to be dealt with and finally resolved with the appropriate Tax Authority and shall control all audits and similar proceedings, provided, however, that if such contest would be reasonably expected to result in a material increase in the tax liability related to the Assets, for which Purchaser would be liable, Purchaser may participate in the conduct of such contest and Seller shall not settle any such contest without the consent of Purchaser, which consent shall not be unreasonably withheld. If no Tax Return is or was required to be filed in respect of an Indemnity Issue, the Indemnifying Party shall be treated as the responsible party with respect thereto. The responsible party agrees to cooperate in the settlement of any Indemnity Issue with the other Party and to take such other Party's interests into account.

Section 10.10. Cooperation and Exchange of Information. Each Party hereto agrees to provide, and to cause each of its Affiliates to provide, such cooperation and information as such other Party shall request, on a timely basis, in connection with the preparation or filing of any Tax Return or claim for Tax refund not inconsistent with this Agreement or in conducting any Tax audit, Tax dispute, or otherwise in respect of Taxes or to carry out the provisions of this Agreement, provided, however, that neither Party shall be obligated to provide the other Party with Tax Returns, documentation or other information of a proprietary or confidential nature for purposes of verifying any calculation, and provided further, that in any such case where one Party does not provide the other Party with Tax Returns, documentation or information because it is proprietary or confidential, both Parties shall cooperate in developing mutually acceptable procedures including retaining a mutually agreeable accounting firm to review such Tax Returns, documentation or information for purposes of verifying such calculation.

Section 10.11. Mexican Income Taxes; Customs Duties; Advanced Pricing Agreement; Transfer, Sales and Use Taxes.

(a) Mexican Income Taxes. Seller and Purchaser shall fully comply with all Mexican Tax laws and with the Convention between the United States of America and the United Mexican States for Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income in connection with the sale of the Assets such that Purchaser shall not be required to, and Purchaser shall not, deduct or withhold any amount from the Purchase Price. Seller agrees to indemnify and hold Purchaser harmless from and against any Taxes imposed on any gain from the sale of the Assets by Seller under this Agreement due to any Governmental Authority, including any obligation Purchaser may have to withhold or remit to Mexican Governmental Authorities Taxes levied on Seller as a result of any gain from the sale of the Assets under this Agreement.

(b) Advanced Pricing Agreement. Seller, at its own expense, shall have the sole and exclusive right, power and authority to negotiate with the appropriate Mexican Governmental Authorities and enter into the Advanced Pricing Agreement on or prior to the Closing. Seller shall keep Purchaser informed of the status of such negotiations and shall not enter into the Advanced Pricing Agreement without the written consent of Purchaser, which consent shall not be unreasonably withheld. Purchaser, Maquiladora, and Seller shall cooperate with each other in negotiating and finalizing the Advanced Pricing Agreement after the Closing. Purchaser shall, and shall cause Maquiladora, not to amend, supplement or modify the Advanced Pricing Agreement as it would relate to periods prior to the Closing without the written consent of Seller, which consent shall not be unreasonably withheld.

(c) Mexican Customs Duties. Purchaser will cause Maquiladora at its own expense after the Closing to timely prepare and execute any and all customs documents required to reflect the change of ownership of the Assets in Mexico and to timely file a virtual exportation and virtual importation pediment to reconcile the open pediments of Maquiladora as required by Mexican law. Seller shall reasonably cooperate with Purchaser and/or Maquiladora in preparing the Mexican customs duties-related filings. Seller shall be responsible for any customs duties or fees relating to periods prior to the Closing. Purchaser and Maquiladora will be responsible for any customs duties or fees relating to periods from and after the Closing. Purchaser and Seller share equally customs duties or fees, if any, incurred in connection with the transactions contemplated by this Agreement.

(d) Transfer, Sales, Use and Value Added Taxes. Pursuant to rule 2.4.5 of the Miscellaneous Resolution 2002 (Resolucion Miscelanea Fiscal para 2002) and in order to expedite the refund of the Mexican Value Added Tax accruing under any invoice issued by Seller to Purchaser in connection with the sale of the Assets hereunder, Seller and Purchaser hereby agree to ratify, no later than 15 (fifteen) calendar days following the Closing Date, a Spanish version of this Agreement before a Mexican Notary Public in the city of Mexicali, State of Baja California, and to attach to such

ratification such invoice (or invoices) issued by Seller. Such invoice or invoices shall include, inter alia, a full description of the Assets, their unitary price, and the applicable Value Added Tax, as well as a stamp with the legend "Impuesto retenido de conformidad con la Ley del Impuesto al Valor Agregado" (Tax withheld pursuant to the Value Added Tax Law). The parties shall further execute such other instruments and documents and take all actions as shall be appropriate or required under Mexican law to obtain the refund of the Value Added Tax referred to herein.

Notwithstanding anything to the contrary in this Agreement, all transfer, documentary, sales, use, stamp, registration, value added and other similar Taxes and fees (including any penalties and interest) incurred in connection with the transactions contemplated by this Agreement shall be shared equally by Seller and Purchaser. Each Party hereto agrees to file all necessary documentation (including all Tax Returns) with respect to such Taxes in a timely manner.

Purchaser shall have the sole and exclusive right, power and authority to file, or cause Maquiladora to file, all necessary documentation (including all Tax Returns in Mexico) with respect to any value added Tax accrued in Mexico, in connection with the sale of Assets hereunder. Should the sale of the Assets hereunder generate any value added tax credit balance in favor of Purchaser or Maquiladora in Mexico, Purchaser shall immediately timely make, or cause Maquiladora to timely make, all filings required to obtain a refund (devolucion) thereof in terms of the Mexican Value Added Tax Law (Ley del Impuesto al Valor Agregado) and any other applicable laws, regulations, rules, decrees or tax miscellaneous. All costs and expenses incurred in connection with the refund efforts (including any costs incurred with respect to the registration for the ALTEX program) shall be shared equally by Seller and Purchaser. Likewise, the amount of the refund will also be shared equally between Seller and Purchaser. Purchaser shall be obligated to deliver to Seller its share of such refund amount within three (3) Business Days from the date Purchaser receives it. Purchaser shall provide Seller with a reasonable opportunity to review drafts of all value added Tax-related filings in advance and Purchaser shall take Seller's comments and suggestions into consideration. To the extent value added Tax is due prior to repayment of any Obligation, Purchaser shall notify Seller not less than three (3) Business Days before such value added Tax is due, and Seller shall remit its share of such value added Tax either to Purchaser, Maquiladora or the relevant Taxing Authority on or before the applicable payment date. Notwithstanding anything to the contrary in this Agreement or the Financing Agreement, Purchaser and Maquiladora shall be entitled to withhold from repayment of the Obligations an amount equal to 50% of any transfer, documentary, sales, use, stamp, registration, value added and other similar taxes and fees (including penalties and interest) that are paid by Purchaser or Maquiladora after the Closing in connection with the transactions contemplated by this Agreement, and will promptly provide to Seller notice of the amounts so paid and withheld; provided, however, Purchaser and Maquiladora shall only be entitled to make such withholding to the extent Seller has not paid or remitted to

Purchaser, Maquiladora or the relevant Taxing Authority Seller's share of such transfer, documentary, sales, use, stamp, registration, value added or similar tax pursuant to this Section 10.11(d). To the extent amounts are so withheld, such withheld amounts shall be treated for all purposes of the Financing Documents as having been paid to Seller, and shall be treated for all purposes of this Section 10.11(d) as having been paid by Seller. Purchaser or Maquiladora, as the case may be, shall remit to Seller within three (3) Business Days of receipt, Seller's share of any refunds to be paid to it of any transfer, documentary, sales, use, stamp, registration, value added and other similar taxes and fees (including penalties and interest) in respect of which amounts were withheld pursuant hereto.

Section 10.12. Tax Records.

(a) The Parties agree to (and to cause each of their Affiliates to) (i) retain all Tax Returns, related schedules and work papers, and all material records and other documents as required under Section 6001 of the Code and the regulations promulgated thereunder relating thereto existing on the date hereof or created through the Closing Date, for a period of at least ten years following the Closing Date and (ii) allow the Party to this Agreement, at times and dates reasonably acceptable to the retaining Party, to inspect, review and make copies of such records, as the Parties may reasonably deem necessary or appropriate from time to time. In addition, after the expiration of such ten-year period, such Tax Returns, related schedules and workpapers, and material records shall not be destroyed or otherwise disposed of at any time, unless, prior to such destruction or disposal, (A) the Party proposing to destroy or otherwise dispose of such records shall provide no less than 30 days' prior written notice to the other Party, specifying in reasonable detail the records proposed to be destroyed or disposed of and (B) if a recipient of such notice shall request in writing prior to the scheduled date for such destruction or disposal that any of the records proposed to be destroyed or disposed of be delivered to such requesting Party, the Party proposing the destruction or disposal shall promptly arrange for the delivery of such requested records at the expense of the Party requesting such records.

(b) Notwithstanding anything in this Agreement to the contrary, if any Party fails to comply with the requirements of Section 10.12(a) hereof, the Party failing so to comply shall be liable for, and shall hold the other Party, harmless from, any Taxes (including without limitation, penalties for failure to comply with the record retention requirements of the Code) and other costs resulting from such Party's failure to comply.

Section 10.13. Dispute Resolution. Any dispute, claim or controversy arising out of or relating to any provision of ARTICLE X of this Agreement will be resolved in accordance with the procedures set forth in Section 12.3(b) of this Agreement, provided that each such mediator or arbitrator selected pursuant to such procedures shall have an expertise in Tax matters.

ARTICLE XI

TERMINATION

Section 11.1. Voluntary Termination. This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing Date by the mutual written consent of Purchaser and Seller.

Section 11.2. Automatic Termination. In the event of a termination of the Merger Agreement, this Agreement shall automatically and immediately terminate.

Section 11.3. Effect of Termination. In the event of the termination of this Agreement, all further obligations of the Parties hereunder shall terminate, and the transactions contemplated hereby shall be abandoned without further action or liability by any of the Parties hereto, except that (i) Section 11.3 ("Effect of Termination"), Section 12.2 ("Notices"), Section 12.3 ("Choice of Law, Dispute Resolution"), Section 12.6 ("Entire Agreement; Waivers"), Section 12.8 ("Severability"), Section 12.10 ("Expenses") and Section 12.12 ("Parties in Interest") shall survive such termination and (ii) nothing shall relieve any Party hereto from liability for any breach of this Agreement prior to such termination.

ARTICLE XII

MISCELLANEOUS

Section 12.1. Assignment. No Party to this Agreement will convey, assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the other Party in its sole and absolute discretion. Notwithstanding the foregoing, any Party may (without obtaining any consent) assign, delegate or sublicense all or any portion of its rights and obligations hereunder to (i) the surviving entity resulting from a merger or consolidation involving such Party, (ii) the acquiring entity in a sale or other disposition of (A) all or substantially all of the assets of such Party as a whole, (B) any line of business or division of such Party, or (C), in the case of Purchaser, the Facility, (iii) any other Person that is created as a result of a spin-off from, or similar reorganization transaction of, such Party or any line of business or division of such Party or (iv) an Affiliate. In the event of an assignment pursuant to (ii) or (iii) above, the non-assigning Party shall, at the assigning Party's request, use good faith commercially reasonable efforts to enter into separate agreements with each of the resulting entities and take such further actions as may be reasonably required to assure that the rights and obligations under this Agreement are preserved, in the aggregate, and divided equitably between such resulting entities. Any conveyance, assignment or transfer requiring the prior written consent of another Party pursuant to this Section 12.1

which is made without such consent will be void ab initio. No assignment of this Agreement will relieve the assigning Party of its obligations hereunder.

Section 12.2. Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, (b) upon confirmation of receipt if delivered by telecopy or telefacsimile, (c) on the first Business Day following the date of dispatch if delivered by a recognized next-day courier service, or (d) on the fifth Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the Party to receive such notice:

If to Purchaser, to:

Alpha Industries, Inc.
20 Sylvan Road
Woburn, MA 01801
Fax: (617) 824-4426
Attention: Paul E. Vincent
Chief Financial Officer

With copies to (not effective for purposes of notice):

Alpha Industries, Inc.
20 Sylvan Road
Woburn, MA 01801
Fax: (617) 824-4564
Attention: James K. Jacobs, Esq.
General Counsel

or if to Seller, to:

Conexant Systems, Inc.
4311 Jamboree Road
Newport Beach, California 92660-3095
Fax: (949) 483-6388
Attention: Dennis E. O'Reilly
Senior Vice President, General
Counsel and Secretary

With a copy to (not effective for purposes of notice):

Chadbourne & Parke LLP
30 Rockefeller Plaza
New York, New York 10112
Fax: (212) 541-5369
Attention: Peter R. Kolyer, Esq.

Section 12.3. Choice of Law; Dispute Resolution.

(a) Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware (without giving effect to choice of law principles).

(b) Dispute Resolution. In the event that from and after the Closing, any dispute, claim or controversy (collectively, a "Dispute") arises out of or relates to any provision of this Agreement or the breach, performance, enforcement or validity or invalidity thereof, the designees of Seller's Chief Executive Officer and Purchaser's Chief Executive Officer will attempt a good faith resolution of the Dispute within thirty (30) days after either Party notifies the other Party in writing of the Dispute. If the Dispute is not resolved within thirty (30) days of the receipt of the notification, or within such other time as they may agree, the Dispute will be referred for resolution to Seller's Chief Executive Officer and Purchaser's Chief Executive Officer. Should they be unable to resolve the Dispute within thirty (30) days following the referral to them, or within such other time as they may agree, Seller and Purchaser will then attempt in good faith to resolve such Dispute by mediation in accordance with the then-existing CPR Mediation Procedures promulgated by the CPR Institute for Dispute Resolution, New York City. If such mediation is unsuccessful within thirty (30) days (or such other period as the Parties may mutually agree) after the commencement thereof, such Dispute shall be submitted by the Parties to binding arbitration, initiated and conducted in accordance with the then-existing American Arbitration Association Commercial Arbitration Rules, before a single arbitrator selected jointly by Seller and Purchaser, who shall not be the same person as the mediator appointed pursuant to the preceding sentence. If Seller and Purchaser cannot agree upon the identity of an arbitrator within ten (10) days after the arbitration process is initiated, then the arbitration will be conducted before three arbitrators, one selected by Seller, one selected by Purchaser and the third selected by the first two. The arbitration shall be conducted in San Francisco, California and shall be governed by the United States Arbitration Act, 9 U.S.C. Sections 1-16, and judgment upon the award may be entered by any court having jurisdiction thereof. The arbitrators shall have case management authority and shall resolve the Dispute in a final award within one hundred eighty (180) days from the commencement of the arbitration action, subject to any extension of time thereof allowed by the arbitrators upon good cause shown.

Section 12.4. Survival of Representations and Warranties and Covenants. The respective representations and warranties of the Parties contained in this Agreement (other than those set forth in the following sentence) will survive the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and the Closing and will continue in full force and effect until six (6) months after the Closing Date and will then expire. The representations and warranties of the Parties contained in Section 3.1, Section 3.2, Section 3.3, Section 3.8, Section 3.11, Section 4.1, Section 4.2, and Section 4.3 will survive the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and the Closing and will continue in full force and effect until all applicable statutes of limitation (including any extensions thereof) have expired and will then expire. All covenants of the Parties contained in this Agreement will remain in full force and effect after, and survive, the Closing (other than those to be performed at or prior to the Closing).

Section 12.5. Limitations on Representations and Warranties. Except for the representations and warranties set forth in this Agreement, the Assets are being sold "AS IS, WHERE IS, AND WITH ALL FAULTS." EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER CONCERNING THE ASSUMED LIABILITIES, THE ASSETS, THE FACILITY, THE BUSINESS OR OPERATIONS OF MAQUILADORA OR ANY OTHER MATTER, EXPRESS OR IMPLIED, ORAL, OR WRITTEN. SELLER HEREBY SPECIFICALLY DISCLAIMS THE IMPLIED WARRANTY OF MERCHANTABILITY AND THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE.

Section 12.6. Entire Agreement; Waivers. This Agreement, together with all exhibits and Schedules hereto, and the other agreements and instruments of the Parties delivered in connection herewith constitute the entire agreement and supersede all prior agreements and understandings both written and oral, among the Parties with respect to the subject matter hereof. The failure of any Party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of those rights.

Section 12.7. Counterparts. This Agreement may be executed in separate counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts will together constitute the same agreement. This Agreement may be executed and delivered by telecopier with the same force and effect as if it were a manually executed and delivered counterpart.

Section 12.8. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances other than those as to which it has been held invalid or unenforceable, will remain in full force and effect and will in no

way be affected, impaired or invalidated thereby. If the economic or legal substance of the transactions contemplated hereby is affected in any manner adverse to any Party as a result thereof, the Parties will negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect the original intent of the Parties.

Section 12.9. Headings. The headings of the Articles and Sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 12.10. Expenses. Except as otherwise provided in this Agreement, each of the Parties shall be liable for its own expenses incurred in connection with the negotiation, preparation, execution and performance of this Agreement prior to Closing.

Section 12.11. Amendments. This Agreement cannot be amended, modified or supplemented except by a written agreement executed by Seller and Purchaser.

Section 12.12. Parties in Interest. This Agreement is binding upon and is for the benefit of the Parties hereto and their respective successors and permitted assigns. This Agreement is not made for the benefit of any Person not a Party hereto, and no Person other than the Parties hereto or their respective successors and permitted assigns will acquire or have any benefit, right, remedy or claim under or by reason of this Agreement, except that the provisions of Sections 9.1, 9.2 and 10.6 hereof shall inure to the benefit of the Persons referred to therein.

Section 12.13. Schedules and Exhibits. Inclusion of an item or matter on any of the Schedules or Exhibits attached hereto shall not be deemed to be an admission by any Party that such item or matter is required to be disclosed in such Schedule or Exhibit. Each disclosure on each Schedule, to the extent specified therein, qualifies the correspondingly numbered representation and warranty or covenant contained herein and, to the extent it is apparent on the face of such disclosure that such disclosure qualifies another representation or warranty contained herein, such other representation and warranty.

Section 12.14. Compliance with Bulk Sales Laws. The Parties hereby waive compliance with the bulk sales laws and any other similar laws in any applicable jurisdiction in respect of the transactions contemplated by this Agreement.

Section 12.15. Savings Clause. Anything contained herein to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign any Assumed Contract if an assignment or attempted assignment of the same without the Consent of any other party or parties thereto or other required Consent would constitute a breach thereof or of any applicable law or in any way impair the rights of Seller, Purchaser or

Purchaser's designee thereunder. If any such Consent is not obtained or if an attempted assignment would be ineffective or would impair any rights of either Seller, Purchaser or Purchaser's designee under any such Assumed Contract that Purchaser's designee would not receive all such rights, then (x) Seller will use commercially reasonable efforts (it being understood that such efforts shall not include any requirement of Seller to pay any consideration or offer or grant any financial accommodation) to provide or cause to be provided to Purchaser's designee the benefits of any such Assumed Contract and Seller will promptly pay or cause to be paid to Purchaser's designee when received all moneys and properties received by Seller with respect to any such Assumed Contract and (y) to the extent that Purchaser's designee receives the benefits of such Assumed Contract, Purchaser will cause its designee to pay, perform and discharge on behalf of Seller all of Seller's Liabilities thereunder in a timely manner and in accordance with the terms thereof. If and when such Consents are obtained, the transfer of the applicable Assumed Contract shall be effected as promptly following the Closing as shall be practicable in accordance with the terms of this Agreement.

Section 12.16. Cooperation Following the Closing. Following the Closing, the Parties shall each deliver to the other such further information and documents and shall execute and deliver to the other such further instruments and agreements as the other shall reasonably request to consummate or confirm the transactions provided for in this Agreement, to accomplish the purpose of this Agreement or to assure to the other the benefits of this Agreement.

[The remainder of this page is left intentionally blank; signature page follows]

IN WITNESS WHEREOF, each of the Parties listed below has executed this Amended and Restated Mexican Asset Purchase Agreement as of the day and year first above written.

CONEXANT SYSTEMS, INC.

By: /s/ Dennis E. O'Reilly
---
Name: Dennis E. O'Reilly
Title: Senior Vice President, General Counsel and Secretary

ALPHA INDUSTRIES, INC.

By: /s/ Paul E. Vincent
---
Name: Paul E. Vincent
Title: Vice President, Chief Financial Officer, Treasurer and Secretary

Exhibit 2.5

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U.S. ASSET PURCHASE AGREEMENT

DATED AS OF DECEMBER 16, 2001

BY AND BETWEEN

CONEXANT SYSTEMS, INC.,

AND

ALPHA INDUSTRIES, INC.

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# U.S. ASSET PURCHASE AGREEMENT

U.S. ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of December 16, 2001, by and between Conexant Systems, Inc., a Delaware corporation ("Seller"), and Alpha Industries, Inc., a Delaware corporation ("Purchaser"). Seller and Purchaser are sometimes hereinafter collectively referred to as the "Parties" and individually as a "Party."

## RECITALS

A. Seller employs certain employees (the "Package Design Team") at its facilities in Newport Beach, California, who perform certain design and other functions in support of certain manufacturing and assembly operations conducted by Seller and its Affiliates (as defined herein) in Mexicali, Baja California, Mexico;

B. Seller owns certain assets (including certain intellectual property) in the United States utilized by the Package Design Team, which it desires to sell to Purchaser; and

C. Purchaser desires to purchase the Assets (as defined herein) and employ the Package Design Team Employees (as defined herein) pursuant to the terms set forth in this Agreement.

## AGREEMENT

NOW, THEREFORE, in consideration of the representations, warranties, mutual covenants and promises contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

## ARTICLE I

## DEFINITIONS

As used in this Agreement, the following terms shall have the meanings given those terms in this ARTICLE I or in the Section of this Agreement referenced in the definition provided for such term:

"Affiliate" of a Person means any other Person that, directly or indirectly, controls, is controlled by, or is under common control with, such Person. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" is defined in the first paragraph hereof.

"Assets" means all of Seller's right, title and interest in and to (i) the equipment specifically set forth on SCHEDULE 2.1, together with all prepaid expenses paid by Seller with respect to such equipment and all third party insurance proceeds (if any) in respect of losses, liabilities or damage with respect to such equipment arising out of insured incidents occurring after the date hereof and prior to the Closing (to the extent Seller and its Affiliates have no obligation to reimburse the insurer for such insurance proceeds), (ii) the Intellectual Property set forth on SCHEDULE 3.5 and (iii) the Books and Records.

"Books and Records" means all documents, information, computer data, files, books and records (in each case, in whatever form or media, including electronic media) that relate exclusively to (i) the Assets or (ii) the Package Design Team Employees.

"Business Day" means a day other than a Saturday, a Sunday or a day on which banks are required or authorized to close in the City of New York.

"Charter Document" means any of the certificate of incorporation, bylaws, agreement of limited partnership, operating agreement or other organizational or constitutive document of a Person.

"Claim(s)" means any action, suit, litigation, proceeding, arbitration or other method of settling disputes or disagreements and any grievance, complaint, claim, charge, demand, investigation or other similar matter.

"Claims Made Policies" is defined in Section 5.7(b).

"Closing" means the consummation of the transactions contemplated by this Agreement on the Closing Date.

"Closing Date" is defined in the first paragraph of ARTICLE VII.

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

"Consent(s)" means any and all consents, waivers, approvals, authorizations, declarations, filings, recordings, registrations or exemptions.

"Damages" means any and all losses, Liabilities, claims, damages, deficiencies, obligations, fines, payments, Taxes, Encumbrances, and costs and expenses, whether matured or unmatured, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, known or unknown, whenever arising and whether or not resulting from Third Party Claims (including the costs and expenses of any and all Claims; all amounts paid in connection with any demands, assessments, judgments, settlements and compromises relating thereto; interest and penalties with respect thereto; out-of-pocket expenses and reasonable attorneys', accountants' and other experts' fees and expenses reasonably incurred in investigating, preparing for or defending against any such Claims or in asserting, preserving or enforcing an Indemnified Party's rights hereunder; and any losses that may result from the granting of injunctive relief as a result of any such Claims).

"Dispute" is defined in Section 11.3(b).

"dollars" or "U.S.$" means United States dollars.

"Effective Time" is defined in the Merger Agreement.

"Employee Matters Agreement" means the Employee Matters Agreement to be entered into by and among Seller, Washington and Purchaser on or before the Effective Time.

"Encumbrance" means any lien, pledge, easement, security interest, mortgage, deed of trust, right-of-way, retention of title agreement or other encumbrance of whatever nature.

"Governmental Authority" means any federal, state or local governmental authority or regulatory body of any nation, any subdivision, agency, commission, board or authority or instrumentality thereof, or any quasi-governmental or private body asserting, exercising or empowered to assert or exercise any regulatory authority thereunder and any Person, directly or indirectly, owned by and subject to the control of any of the foregoing.

"HSR Act" means the Hart Scott Rodino Antitrust Improvements Act of 1976, as amended.

"including" means including without limiting the generality of what precedes that term.

"Income Tax" means (a) any Tax based upon, measured by, or calculated with respect to (i) net income or profits (including, but not limited to, any capital gains, minimum Tax and any Tax on items of Tax preference, but not including sales, use, real or personal property, gross or net receipts, transfer or similar Taxes) or (ii) multiple bases (including, but not limited to, corporate franchise, doing business or occupation Taxes) if one or more of the bases upon which such Tax may be based, measured by, or calculated with respect to, is described in clause (i) above, or (b) any U.S. state or local franchise Tax; including in the case of each of (a) and (b) any related interest and any penalties, additions to such Tax or additional amounts imposed with respect thereto by any Tax authority.

"Indemnified Party" is defined in Section 8.3(a).

"Indemnifying Party" is defined in Section 8.3(a).

"Indemnity Reduction Amounts" is defined in Section 8.3(a).

"Information" means all records, books, contracts, instruments, computer data and other data and information (in each case, in whatever form or medium, including electronic media).

"Insurance Proceeds" means monies (a) received by an insured from an insurance carrier, (b) paid by an insurance carrier on behalf of an insured or (c) received from any third party in the nature of insurance, contribution or indemnification in respect of any Liability.

"Intellectual Property" means trademarks, service marks, brand names, certification marks, trade dress and other indications of origin, the goodwill associated with the foregoing and registrations in any jurisdiction of, and applications in any jurisdiction to register, the foregoing, including any extension, modification or renewal of any such registration or application; inventions, discoveries and ideas, whether patentable or not, in any jurisdiction; patents, applications for patents (including divisions, continuations, continuations in part and renewal applications), and any renewals, extensions or reissues thereof, in any jurisdiction; nonpublic information, trade secrets and confidential information and rights in any jurisdiction to limit the use or disclosure thereof by any Person; writings and other works, whether copyrightable or not, in any jurisdiction; and registrations or applications for registration of copyrights in any jurisdiction, and any renewals or extensions thereof; and any other intellectual property or proprietary rights.

"Law" means all laws, principals of common law, statutes, constitutions, treaties, rules, regulations, ordinances, codes, ruling, orders and determinations of any Governmental Authority.

"Liabilities" means any and all claims, debts, liabilities, commitments and obligations of whatever nature, whether fixed, contingent or absolute, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising and whether or not the same would be required by generally accepted accounting principles to be reflected as a liability in financial statements or disclosed in the notes thereto.

"Maquiladora" means Conexant Systems, S.A. de C.V., a sociedad anonima de capital variable organized under the laws of Mexico.

"Material Adverse Change" or "Material Adverse Effect" means any event, change, circumstance or development that is materially adverse to (i) the ability of Seller to consummate the transactions contemplated by this Agreement or (ii) the Assets taken as a whole or the use of the Assets, taken as a whole, in the manner heretofore used by Seller, other than, with respect to clause (ii), any event, change, circumstance or development (A) resulting from any action taken in connection with the transactions contemplated hereby pursuant to the terms of this Agreement, (B) relating to the economy or financial markets in general, (C) relating in general to the industries in which Seller operates and not specifically relating to Seller or (D) relating to any action or omission of Seller or any Subsidiary of either of them taken with the express prior written consent of Purchaser.

"Merger" is defined in the recitals of the Merger Agreement.

"Merger Agreement" means the Agreement and Plan of Reorganization, dated as of December 16, 2001, by and among Seller, Washington and Purchaser.

"Mexican Stock and Asset Purchase Agreement" means that certain Mexican Stock and Asset Purchase Agreement, dated as of December 16, 2001, by and between Seller and Purchaser.

"Non-Income Tax" means any Tax other than an Income Tax.

"Occurrence Basis Policies" is defined in Section 5.7(b).

"Package Design Team" is defined in Recital A.

"Package Design Team Employee(s)" means the persons employed by Seller and listed on SCHEDULE 3.7(a).

"Party" and "Parties" are defined in the first paragraph of this Agreement.

"Permits" means licenses, permits, authorizations, consents, certificates, registrations, variances, franchises and other approvals from any Governmental Authority, including those relating to environmental matters.

"Permitted Encumbrance" means (i) Encumbrances for Taxes, assessments or governmental charges or levies on property not yet due and payable or which are being contested in good faith and for which appropriate reserves are maintained, (ii) Encumbrances of landlords, carriers, warehousemen, mechanics and other Encumbrances imposed by law and incurred in the ordinary course of business as currently operated, (iii) Encumbrances for purchase money obligations incurred in the ordinary course of business consistent with past practice and (iv) Encumbrances incurred in the ordinary course of business which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

"Person" means an individual, corporation, limited liability entity, partnership, association, trust, unincorporated organization, other entity or group (as defined in the Exchange Act), including any Governmental Authority.

"Policies" means all insurance policies, insurance contracts and claim administration contracts of any kind of Seller relating to the Assets which were or are in effect at any time at or prior to the Closing, including primary, excess and umbrella, commercial general liability, fiduciary liability, product liability, automobile, aircraft, property and casualty, business interruption, directors and officers liability, employment practices liability, workers' compensation, crime, errors and omissions, special accident, cargo and employee dishonesty insurance policies and captive insurance company arrangements, together with all rights, benefits and privileges thereunder.

"Privileged Information" means, with respect to a Party, Information regarding the Party, or any of its operations, employees, assets or Liabilities (whether in documents or stored in any other form or known to its employees or agents) that is or may be protected from disclosure pursuant to the attorney-client privilege, the work product doctrine or other applicable privileges, that a Party has or may come into possession of or has obtained or may obtain access to pursuant to this Agreement or otherwise.

"Promissory Note" means a promissory note issued by Purchaser in favor of Seller in a principal amount equal to the Purchase Price, substantially on the terms attached hereto as EXHIBIT "A".

"Purchase Price" means the amount allocated to the purchase price of the Assets being sold hereunder pursuant to the terms of Section 2.5 of the Mexican Stock and Asset Purchase Agreement.

"Purchaser" is defined in the first paragraph of this Agreement.

"Purchaser Indemnified Parties" is defined in Section 8.1.

"Representative" means, with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants, attorneys and representatives.

"Schedules" means the disclosure schedules contained in this Agreement which schedules are attached hereto and incorporated by reference as if specifically set forth herein.

"Seller" is defined in the first paragraph of this Agreement.

"Seller Indemnified Parties" is defined in Section 8.2.

"Seller Spinoff" is defined in Section 5.8(c).

"Subsidiary" when used with respect to any Person means any corporation or other organization, whether incorporated or unincorporated, at least a majority of the securities or other interests of which having by their terms ordinary voting power to elect a majority of the Board of Directors or others performing similar functions with respect to such corporation or other organization is, directly or indirectly, owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries.

"Tax" and "Taxes" shall mean all forms of taxation, whenever created or imposed, and whether of the United States or elsewhere, and whether imposed by a federal, state, municipal, governmental, territorial, local, foreign or other body, and without limiting the generality of the foregoing, shall include net income, gross income, gross receipts, sales, use, value added, ad valorem, transfer, recording, franchise, profits, license, lease, service, service use, payroll, wage, withholding, employment, unemployment insurance, workers compensation, social security, excise, severance, stamp, business license, business organization, occupation, premium, property, environmental, windfall profits, customs, duties, alternative minimum, estimated or other taxes, fees, premiums, assessments or charges of any kind whatever imposed or collected by any governmental entity or political subdivision thereof, together with any related

interest and any penalties, additions to such tax or additional amounts imposed with respect thereto by any Tax authority.

"Tax Proceeding" means any audit, examination, Claim or other administrative or judicial proceeding relating to Taxes or Tax Returns.

"Tax Return" shall mean any return, filing, questionnaire, information return, election or other document required or permitted to be filed, including requests for extensions of time, filings made with respect to estimated tax payments, claims for refund and amended returns that may be filed, for any period with any Tax authority (whether domestic or foreign) in connection with any Tax (whether or not a payment is required to be made with respect to such filing).

"Third Party Claim" is defined in Section 8.4(a).

"To the knowledge of Seller" or words of similar import with respect to a fact or matter means the actual knowledge of the executive officers of Seller listed on SCHEDULE 1 after reasonable inquiry.

"Washington" means Washington Sub, Inc., a Delaware corporation.

"Washington Business" is defined in the Merger Agreement.

"Washington Participants" is defined in the Employee Matters Agreement.

## ARTICLE II

## SALE AND PURCHASE OF ASSETS

Section 2.1. PURCHASE AND SALE OF ASSETS. At the Closing, Seller shall sell, transfer, convey, assign and deliver to Purchaser, and Purchaser shall purchase, acquire and accept, the Assets, as the same shall exist on the Closing Date, free and clear of any Encumbrances other than Permitted Encumbrances.

Section 2.2. PURCHASE PRICE. The Purchase Price to be paid by Purchaser to Seller in consideration for the Assets shall be payable, at the election of Purchaser, either (A) by wire transfer of immediately available funds at the Closing or (B) by delivery of the Promissory Note at the Closing; PROVIDED, HOWEVER, that if Purchaser shall elect to pay the Purchase Price pursuant to clause (B), Purchaser shall provide written notice of such election to Seller no later than thirty (30) days prior to the Closing Date.

Section 2.3. NO ASSUMPTION OF LIABILITIES. Purchaser shall not assume hereunder any Liabilities of Seller related to the Assets. This section shall not affect any other obligation of Purchaser under this Agreement.

Section 2.4. ALLOCATION OF PURCHASE PRICE. Purchaser and Seller mutually agree that the Purchase Price shall be allocated among the Assets in the manner required by Section 1060 of the Code and Treasury Regulations promulgated thereunder. Purchaser and Seller shall agree upon such allocation prior to the Closing and shall file Form 8594 with the United States Internal Revenue Service reflecting such allocation. Neither Seller nor Purchaser shall take a position inconsistent with such allocation in any Tax Proceeding, in any refund claim, in any litigation or investigation or otherwise. If a competent Government Authority adjusts such allocation for any reason, the allocation shall be deemed to be amended to conform to any such adjustments.

## ARTICLE III

## SELLER'S REPRESENTATIONS AND WARRANTIES

Seller hereby represents and warrants to Purchaser as of the date hereof and as of the Closing Date the following:

Section 3.1. CORPORATE STATUS, GOOD STANDING AND AUTHORIZATION. Seller is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation, with all requisite corporate power and authority to own the Assets, except where the failure to have such power and authority, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Seller is duly licensed or qualified to do business as a foreign corporation in all states or jurisdictions in which the nature of Assets or the operations thereof by the Package Design Team requires such license or qualification, except where the failure to be so licensed or qualified, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

Section 3.2. AUTHORITY; ENFORCEABILITY. Seller has all requisite corporate power and authority to enter into this Agreement and perform its obligations under this Agreement. The execution, delivery and performance of this Agreement by Seller and the consummation by Seller of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Seller. This Agreement has been duly authorized, executed and delivered by Seller and is a legally valid and binding obligation of Seller (assuming that this Agreement constitutes the valid and binding obligation of Purchaser) and is enforceable against Seller in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization,

fraudulent conveyance, moratorium and similar Laws relating to or affecting creditors generally or by general equity principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 3.3. CONSENTS; NO CONFLICTS OR VIOLATIONS. Except for the Consents set forth on SCHEDULE 3.3 and Consents which if not obtained and maintained by Seller, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, there are no Consents of any Governmental Authority required in connection with (i) Seller's execution and delivery of this Agreement and the other agreements, documents and instruments to be executed and delivered by Seller in connection herewith or (ii) the performance by Seller of its obligations herein or therein or the consummation by Seller of the transactions contemplated hereby or thereby. Assuming receipt of all of the Consents set forth on SCHEDULE 3.3 (including any required HSR Act approval), neither the execution or delivery by Seller of this Agreement nor the consummation by Seller of the transactions contemplated hereby will, with or without the giving of notice or the lapse of time or both, conflict with or result in a breach or violation of or give rise to a default or right of termination, amendment, cancellation or acceleration under (i) any provision of Seller's Charter Documents, (ii) any contract, agreement, note, bond, mortgage, indenture, lease, license, franchise, permit, concession, instrument or obligation to which Seller is a party or by which any of its properties or assets are bound or (iii) any Law or license or other requirement to which Seller or its properties or assets is subject, except, in the case of items (ii) and (iii) above only, for those which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

Section 3.4. COMPLIANCE WITH LAWS. Except as disclosed on SCHEDULE 3.4, Seller is in compliance in all material respects with all Laws applicable with respect to the Assets, the manner in which the Assets are used and the Package Design Team, except where the failure to so comply, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, and Seller has not received within the past twelve (12) months any written notice or correspondence from any Governmental Authority to the effect that it is not in compliance with any such applicable Laws, except for such violations which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

Section 3.5. INTELLECTUAL PROPERTY. Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect: (i) Seller owns, or is licensed to use (in each case, free and clear of any Encumbrances), all Intellectual Property set forth on SCHEDULE 3.5; (ii) to the knowledge of Seller, the use of any Intellectual Property set forth on SCHEDULE 3.5 by Seller does not infringe on or otherwise violate the rights of any Person; (iii) the use of Intellectual Property set forth on SCHEDULE 3.5 by or on behalf of Seller is in accordance with any applicable license

pursuant to which Seller acquired the right to use any Intellectual Property; (iv) to the knowledge of Seller, no Person is challenging, infringing on or otherwise violating any right of Seller with respect to any Intellectual Property set forth on SCHEDULE 3.5 owned by and/or licensed to Seller; and (v) Seller does not have any knowledge of any pending claim, order or proceeding with respect to any use of Intellectual Property set forth on SCHEDULE 3.5 by Seller and, to the knowledge of Seller, no Intellectual Property set forth on SCHEDULE 3.5 is being used or enforced in a manner that would reasonably be expected to result in the abandonment, cancellation or unenforceability of such Intellectual Property.

Section 3.6. LITIGATION. Except as set forth on SCHEDULE 3.6, there is no action, suit or proceeding or regulatory investigation pending or, to the knowledge of Seller, threatened against Seller or its business or operations affecting the Package Design Team or any of the Assets or this Agreement before any court or arbitrator or any governmental body, agency or official, except for those which, if adversely determined, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Seller is not a party to or subject to any judgment, order, rule, writ, injunction, or decree of any Governmental Authority or arbitrator which relates to or affects the Assets or the Package Design Team, except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

Section 3.7. EMPLOYEE MATTERS.

(a) PACKAGE DESIGN TEAM EMPLOYEES. SCHEDULE 3.7(A) contains a list of all current Package Design Team Employees as of the date hereof.

Section 3.8. LABOR RELATIONS. Except as stated on SCHEDULE 3.8, as of the date hereof, Seller is not a signatory to any collective bargaining agreement with any trade union or labor organization relating to Package Design Team Employees.

Section 3.9. TAX MATTERS.

(a) All material Tax Returns required to be filed by Seller with respect to the Assets have been timely filed. All such Tax Returns are true, correct and complete, except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. All Taxes shown as due and payable by or with respect to such Tax Returns have been timely paid in full.

(b) Except as set forth on SCHEDULE 3.9(B), there are no Tax proceedings presently pending with regard to any Non-Income Taxes related to the Assets, and no notice has been received from any Governmental Authority of the expected commencement of such a Tax Proceeding.

(c) There are no Encumbrances for any Tax on the Assets, except for Permitted Encumbrances.

(d) None of the Assets is a lease made pursuant to Section 168(f)(8) of the Internal Revenue Code of 1954.

(e) None of the Assets constitute "tax exempt use property" within the meaning of Section 168(h) of the Code or is "tax exempt bond financed property" within the meaning of Section 168(g) of the Code.

Section 3.10. NO BROKERS. Neither this Agreement nor the sale of the Assets was induced or procured through any Person acting on behalf of or representing Seller and no commissions or any other payment is due to any intermediary in connection therewith.

Section 3.11. TITLE TO PROPERTIES. Seller has good and valid title to the Assets, except, in each case, where the failure to have such good and valid title, or valid leasehold interest, would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 3.12. INSURANCE. Seller maintains insurance coverage in respect of the Assets with reputable insurers in such amounts and covering such risks as is deemed reasonably appropriate for its business (taking into account the cost and availability of such insurance).

## ARTICLE IV

## PURCHASER'S REPRESENTATIONS AND WARRANTIES

Purchaser hereby represents and warrants to Seller as of the date hereof and as of the Closing Date the following:

Section 4.1. ORGANIZATION OF PURCHASER. Purchaser is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation.

Section 4.2. AUTHORITY; ENFORCEABILITY. Purchaser has all requisite corporate power and authority to enter into this Agreement and perform its obligations under this Agreement. The execution, delivery and performance of this Agreement by Purchaser and the consummation by Purchaser of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Purchaser. This Agreement has been duly authorized, executed and delivered by Purchaser and is a

legally valid and binding obligation of Purchaser (assuming that this Agreement constitutes the valid and binding obligation of Seller) and is enforceable against Purchaser in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and similar Laws relating to or affecting creditors generally or by general equity principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 4.3. CONSENTS; NO CONFLICTS OR VIOLATIONS. Except for the Consents set forth on SCHEDULE 4.3 and the Consents which if not obtained and maintained by Purchaser, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on Purchaser's ability to consummate the transactions contemplated by this Agreement, there are no Consents of any Governmental Authorities required in connection with (i) Purchaser's execution and delivery of this Agreement and the other agreements, documents and instruments to be executed and delivered by Purchaser in connection herewith or (ii) the performance by Purchaser of its obligations herein or therein or the consummation by Seller of the transactions contemplated hereby or thereby. Assuming receipt of all of the Consents set forth on SCHEDULE 4.3 (including, any required HSR Act approval), neither the execution or delivery by Purchaser of this Agreement nor the consummation by Purchaser of the transactions contemplated hereby will, with or without the giving of notice or the lapse of time or both, conflict with or result in a breach or violation of or give rise to a default or right of termination, amendment, cancellation or acceleration under (i) any provision of Purchaser's Charter Documents, (ii) any material contract, agreement, note, bond, mortgage, indenture, lease, license, franchise, permit, concession, instrument or obligation to which Purchaser is a party or by which any of its properties or assets are bound or (iii) any Law or license or other requirement to which Purchaser or its properties or assets is subject, except, in the case of items (ii) and (iii) above only, for those which, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on Purchaser's ability to consummate the transactions contemplated by this Agreement.

Section 4.4. LITIGATION. Except as set forth on SCHEDULE 4.4, there is no action, suit or proceeding or regulatory investigation pending or, to the knowledge of Purchaser, threatened against Purchaser affecting this Agreement before any court or arbitrator or any governmental body, agency or official, except for those which, if adversely determined, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on Purchaser's ability to consummate the transactions contemplated by this Agreement. Purchaser is not a party to or subject to any judgment, order, writ, injunction, or decree of any Governmental Authority or arbitrator, except as, individually or in the aggregate, would not reasonably be expected to have a material

adverse effect on Purchaser's ability to consummate the transactions contemplated by this Agreement.

Section 4.5. NO BROKERS. Neither this Agreement nor the purchase of the Assets was induced or procured through any Person acting on behalf of or representing Purchaser and no commissions or any other payment is due to any intermediary in connection therewith.

## ARTICLE V

## COVENANTS

The Parties hereby covenant as follows:

Section 5.1. ACCESS.

(a) ACCESS TO INFORMATION BY PURCHASER PRIOR TO CLOSING. Prior to Closing, subject to compliance with applicable laws, Seller and Maquiladora shall, upon reasonable request, afford to Purchaser and its Representatives reasonable access during normal business hours to all Books and Records. Purchaser shall coordinate its requests and activities under this Section 5.1 with Seller's need for security and will assist Seller in minimizing disruption to Seller's normal business operations.

(b) ACCESS TO INFORMATION BY PURCHASER AFTER CLOSING. From and after the Closing, Seller will afford to Purchaser and its Representatives (at Purchaser's expense) reasonable access and duplicating rights during normal business hours and upon reasonable advance notice to all Books and Records within Seller's possession or control relating to the Assets, insofar as such access is reasonably required by Purchaser.

(c) ACCESS TO BOOKS AND RECORDS BY SELLER. Purchaser shall, following the Closing, give Seller and its Representatives such access, during normal business hours and upon reasonable prior notice, to the Books and Records and such other documents as shall be reasonably necessary for Seller in connection with its performance of its obligations hereunder, for the preparation and filing of Seller's Tax Returns for periods prior to the Closing Date and for any other reasonable purposes, and Purchaser will allow Seller and its Representatives to make extracts and copies thereof as may be necessary for such purposes at Seller's expense. Purchaser shall preserve and protect the Books and Records in its possession and control for the period required by the applicable records retention policy of Seller in effect immediately prior to the Closing. Purchaser shall offer to deliver the Books and Records to Seller prior to their destruction or other disposition.

(d) PRODUCTION OF WITNESSES. Subject to Section 5.1(e), after the Closing, each Party will make available to the other Party, upon written request and at the cost and expense of the Party so requesting, its directors, officers, employees and agents as witnesses to the extent that any such Person may reasonably be required (giving consideration to business demands of such directors, officers, employees and agents) in connection with any Claims or administrative or other proceedings in which the requesting party may from time to time be involved and relating to the Assets or the Package Design Team or arising in connection with the relationship between the Parties on or prior to the Closing Date, provided that the same shall not unreasonably interfere with the conduct of business by the Party of which the request is made.

(e) CONFIDENTIALITY. From and after the Closing, each of Seller and Purchaser shall hold, and shall use reasonable efforts to cause its Affiliates and Representatives to hold, in strict confidence all Information concerning the other Party in its possession or control prior to the Closing or furnished to it by another Party pursuant to the Merger and the transactions contemplated thereby and will not release or disclose such Information to any other Person, except its Affiliates and its and their Representatives, who will be bound by the provisions of this Section 5.1(e); PROVIDED, HOWEVER, that any Person may disclose such Information to the extent that (a) disclosure is compelled by judicial or administrative process or, in the opinion of such Person's counsel, by other requirements of law (in which case the Party required to make such disclosure will notify the other Party as soon as practicable of such obligation or requirement and cooperate with the other Party to limit the Information required to be disclosed and to obtain a protective order or other appropriate remedy with respect to the Information ultimately disclosed) or (b) such Person can show that such Information was (i) available to such Person on a nonconfidential basis (other than from a Party) prior to its disclosure by such Person, (ii) in the public domain through no fault of such Person or (iii) lawfully acquired by such Person from another source after the time that it was furnished to such Person by the other Party or its Affiliates, Representatives or Subsidiaries, and not acquired from such source subject to any confidentiality obligation on the part of such source known to the acquiror, or on the part of the acquiror. Each Party acknowledges that it will be liable for any breach of this Section 5.1(e) by its Affiliates, Representatives and Subsidiaries. Notwithstanding the foregoing, each Party will be deemed to have satisfied its obligations under this Section 5.1(e) with respect to any Information (other than Privileged Information) if it exercises the same care with regard to such Information as it takes to preserve confidentiality for its own similar Information.

Section 5.2. REASONABLE BEST EFFORTS.

(a) Subject to the terms and conditions of this Agreement, each Party will use its reasonable best efforts to take, or cause to be taken, all actions and to do, or

cause to be done, and to assist and cooperate with the other Party in doing or causing to be done, all things necessary, proper or advisable under this Agreement and applicable laws to consummate the transactions contemplated by this Agreement as soon as practicable after the date hereof, including (i) preparing and filing as promptly as practicable all documentation to obtain as promptly as practicable all Consents set forth on SCHEDULES 3.3 AND 4.3 and (ii) taking all reasonable steps as may be necessary to obtain all Consents set forth on SCHEDULES 3.3 AND 4.3. In furtherance and not in limitation of the foregoing, each Party hereto agrees to make (i) an appropriate filing (if applicable) of a Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated hereby as promptly as practicable after the date hereof and (ii) all other necessary filings with other Governmental Authorities relating to the transactions contemplated herein, and, in each case, to supply as promptly as practicable any additional information and documentary material that may be requested pursuant to such applicable laws or by such Governmental Authorities and to use reasonable best efforts to cause the expiration or termination of the applicable waiting periods under the HSR Act and the receipt of the Consents set forth on SCHEDULES 3.3 AND 4.3 under such other applicable laws or from such Governmental Authorities as soon as practicable.

(b) Each of Seller and Purchaser shall, in connection with the efforts referenced in Section 5.2(a) to obtain all Consents set forth on SCHEDULES 3.3 AND 4.3, use its reasonable best efforts to (i) cooperate in all respects with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initiated by a private party, (ii) promptly inform the other Party of any communication received by such Party from, or given by such Party to, the Antitrust Division of the Department of Justice (the "DOJ"), the Federal Trade Commission (the "FTC") or any other Governmental Authority and of any material communication received or given in connection with any proceeding by a private party, in each case regarding any of the transactions contemplated hereby, and (iii) permit the other Party to review any communication given by it to, and consult with each other in advance of any meeting or conference with, the DOJ, the FTC or any such other Governmental Authority or, in connection with any proceeding by a private party, with any other Person, and to the extent appropriate or permitted by the DOJ, the FTC or such other applicable Governmental Authority or other Person, give the other Party the opportunity to attend and participate in such meetings and conferences.

(c) In furtherance and not in limitation of the covenants of the Parties contained in Section 5.2(a) and Section 5.2(b), if any administrative or judicial action or proceeding, including any proceeding by a private party, is instituted (or threatened to be instituted) challenging any transaction contemplated by this Agreement as violative of any applicable laws, or if any statute, rule, regulation, executive order, decree, injunction or administrative order is enacted, entered, promulgated or enforced by a Governmental Authority which would make transactions contemplated hereby illegal or would

otherwise prohibit or materially impair or delay the consummation of the transactions contemplated hereby, each of the Parties shall cooperate in all respects with each other and use its respective reasonable best efforts to contest and resist any such action or proceeding and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the transactions contemplated by this Agreement and to have such statute, rule, regulation, executive order, decree, injunction or administrative order repealed, rescinded or made inapplicable so as to permit the consummation of the transactions contemplated by this Agreement.

(d) Notwithstanding the foregoing or any other provision of this Agreement, nothing in this Section 5.2 shall create an obligation by the Parties to take any action in addition to the actions required to be taken pursuant to the Merger Agreement to consummate the Merger.

Section 5.3. CONDUCT OF BUSINESS BY SELLER. From the data hereof until the Closing Date, Seller shall, except as expressly required or permitted by this Agreement and except as otherwise consented to in writing by Purchaser:

(i) conduct the operations of the Package Design Team and employ the Assets in the ordinary course of business consistent with past practice;

(ii) not grant, create, incur or suffer to exist any Encumbrance (other than a Permitted Encumbrance granted, created, incurred or suffered to exist in the ordinary course of business consistent with past practice) on the Assets;

(iii) not increase in any manner the base compensation of, or enter into any new bonus or incentive agreement or arrangement with, any Package Design Team Employees, other than in the ordinary course of business consistent with past practice;

(iv) not adopt or amend any Benefit Plan with respect to Package Design Team Employees or to increase the benefits provided under any Benefit Plan to Package Design Team Employees other than in the ordinary course of business consistent with past practice;

(v) not grant any license or sublicense or otherwise transfer, other than in the ordinary course of business consistent with past practice, any portion of its right, title or interest in any Intellectual Property included in the Assets; and

(vi) not authorize, or commit or agree to take, any of the foregoing actions.

Section 5.4. EMPLOYMENT ARRANGEMENTS.

(a) EMPLOYMENT. Purchaser shall offer employment, with comparable compensation and benefits, commencing as of the Closing Date, to each of the Package Design Team Employees (including those who are actively employed or on layoff, leave or short-term or long-term disability or other permitted absence from employment). Purchaser shall provide to each Package Design Team Employee (i) employment and a salary or wage level at least equal to that which such Package Design Team Employee was entitled from Seller and its Subsidiaries and Affiliates immediately prior to the Closing Date and (ii) employee benefits comparable in all material respects to and no less favorable in the aggregate than the employee benefits provided to each such Package Design Team Employee by Seller and its Subsidiaries and Affiliates immediately prior to the Closing Date; PROVIDED, HOWEVER, that after the Closing Date, Purchaser expressly reserves the right to modify any salary or wage level of any Package Design Team Employee and to amend, modify or terminate any benefit plan or program established or maintained by Purchaser for the benefit of Package Design Team Employees in accordance with the terms of such plan or program and applicable law.

(b) EMPLOYEE MATTERS AGREEMENT TERMS APPLICABLE. The Parties agree that all terms and provisions of the Employee Matters Agreement applicable to Washington Participants (including all Liabilities and obligations assumed or to be performed by Purchaser or Washington under the Employee Matters Agreement relating to the Washington Participants) shall, to the extent applicable, also apply to the Package Design Team Employees, and that the Package Design Team Employees shall be deemed to be Washington Participants for all purposes of the Employee Matters Agreement (other than Section 2.01 thereof). Accordingly, Purchaser hereby assumes, and agrees to fully perform, pay and discharge, all Liabilities and obligations in respect of the Package Design Team Employees of the type that were assumed by or allocated to Purchaser, Washington or any Subsidiary of Washington under the Employee Matters Agreement in respect of Washington Participants and to perform, pay and discharge such Liabilities and obligations in the same manner as provided in the Employee Matters Agreement.

Section 5.5. PUBLIC ANNOUNCEMENTS. The Parties shall use reasonable best efforts to develop a joint communications plan and each Party shall use reasonable best efforts (i) to ensure that all press releases and other public statements with respect to the transactions contemplated hereby shall be consistent with such joint communications plan, and (ii) unless otherwise required by applicable laws or by obligations pursuant to any listing agreement with or rules of any securities exchange or automated quotation system, to consult with each other before issuing any press release or, to the extent practicable, otherwise making any public statement with respect to this Agreement or the transactions contemplated hereby.

Section 5.6. SUPPLEMENTS TO SCHEDULES. From time to time up to the Closing, Seller and Purchaser may supplement or amend the Schedules after they have been delivered pursuant to this Agreement with respect to any matter first existing or occurring on or after the date hereof which, if existing or occurring at or prior to the date hereof, would have been required to be set forth or described in such Schedules or which is necessary to correct any information in such Schedules which has been rendered inaccurate thereby; PROVIDED, HOWEVER, that if any facts that give rise to such matter existed or occurred on or before the date hereof, no such supplement or amendment may be made under this Section 5.6 with respect thereto. Any supplement or amendment to any Schedule shall not, following Closing, constitute a basis for any Claim for indemnification pursuant to ARTICLE VIII.

Section 5.7. INSURANCE.

(a) COVERAGE. Subject to the provisions of this Section 5.7, coverage of the Assets under all Policies shall cease as of the Closing. From and after the Closing, Purchaser will be responsible for obtaining and maintaining all insurance coverages for the Assets. All Policies will be retained by Seller and Seller's Subsidiaries, together with all rights, benefits and privileges thereunder (including the right to receive any and all return premiums with respect thereto), except that Purchaser will have the rights in respect of Policies to the extent described in Section 5.7(b).

(b) RIGHTS UNDER POLICIES. From and after the Closing, Purchaser will have no rights with respect to any Policies, except that (i) Purchaser will have the right to assert claims (and Seller will use commercially reasonable efforts to assist Purchaser in asserting claims) for any loss, liability or damage with respect to the Assets under Policies with third-party insurers which are "occurrence basis" insurance policies ("Occurrence Basis Policies") arising out of insured incidents occurring from the date coverage thereunder first commenced until the Closing to the extent that the terms and conditions of any such Occurrence Basis Policies and agreements relating thereto so allow and (ii) Purchaser will have the right to continue to prosecute claims with respect to the Assets properly asserted with an insurer prior to the Closing (and Seller will use commercially reasonable efforts to assist Purchaser in connection therewith) under Policies with third-party insurers which are insurance policies written on a "claims made" basis ("Claims Made Policies") arising out of insured incidents occurring from the date coverage thereunder first commenced until the Closing to the extent that the terms and conditions of any such Claims Made Policies and agreements relating thereto so allow, PROVIDED, that in the case of both clauses (i) and (ii) above, (A) all of Seller's reasonable out-of-pocket costs and expenses incurred in connection with the foregoing are promptly paid by Purchaser, (B) Seller may, at any time, without liability or obligation to Purchaser (other than as set forth in Section 5.7(c)), amend, commute, terminate, buy-out, extinguish liability under or otherwise modify any Occurrence Basis Policies or Claims

Made Policies (and such claims shall be subject to any such amendments, commutations, terminations, buy-outs, extinguishments and modifications), (C) such claims will be subject to (and recovery thereon will be reduced by the amount of) any applicable deductibles, retentions or self-insurance provisions, (D) such claims will be subject to (and recovery thereon will be reduced by the amount of) any payment or reimbursement obligations of Seller, any of Seller's Subsidiaries or any Affiliate of Seller or any of Seller's Subsidiaries in respect thereof and (E) such claims will be subject to exhaustion of existing aggregate limits. Seller's obligation to use commercially reasonable efforts to assist Purchaser in asserting claims under applicable Policies will include using commercially reasonable efforts in assisting Purchaser to establish its right to coverage under such Policies (so long as all of Seller's reasonable out-of-pocket costs and expenses in connection therewith are promptly paid by Purchaser). None of Seller or Seller's Subsidiaries will bear any Liability for the failure of an insurer to pay any claim under any Policy. It is understood that any Claims Made Policies will not provide any coverage to Purchaser for incidents occurring prior to the Closing but which are asserted with the insurance carrier after the Closing.

(c) SELLER ACTIONS. In the event that after the Closing, Seller proposes to amend, commute, terminate, buy-out, extinguish liability under or otherwise modify any Policies under which Purchaser has rights to assert claims pursuant to Section 5.7(b) in a manner that would adversely affect any such rights of Purchaser, (i) Seller will give Purchaser prior notice thereof and consult with Purchaser with respect to such action (it being understood that the decision to take any such action will be in the sole discretion of Seller) and (ii) Seller will pay to Purchaser its equitable share (which shall be determined by Seller in good faith based on the amount of premiums paid by or allocated to Purchaser or the Assets in respect of the applicable Policy) of any net proceeds actually received by Seller from the insurer under the applicable Policy as a result of such action by Seller (after deducting Seller's reasonable costs and expenses incurred in connection with such action).

(d) ADMINISTRATION. From and after the Closing:

(i) Seller or a Subsidiary of Seller, as appropriate, will be responsible for the Claims Administration with respect to claims of Seller and Seller's Subsidiaries under Policies; and

(ii) Purchaser will be responsible for the Claims Administration with respect to claims of Purchaser under Policies.

(e) INSURANCE PREMIUMS. From and after the Closing, Seller will pay all premiums (retrospectively-rated or otherwise) as required under the terms and conditions of the respective Policies in respect of periods prior to the Closing, whereupon

Purchaser will upon the request of Seller, forthwith reimburse Seller for that portion of such premiums paid by Seller as are reasonably determined by Seller to be attributable to the Assets.

(f) AGREEMENT FOR WAIVER OF CONFLICT AND SHARED DEFENSE. In the event that a Policy provides coverage for both Seller and/or a Subsidiary of Seller, on the one hand, and Purchaser, on the other hand, relating to the same occurrence, Seller and Purchaser agree to defend jointly and to waive any conflict of interest necessary to the conduct of that joint defense. Nothing in this Section 5.7(f) will be construed to limit or otherwise alter in any way the indemnity obligations of the parties to this Agreement, including those created by this Agreement, by operation of law or otherwise.

Section 5.8. LICENSE OF PURCHASER INTELLECTUAL PROPERTY TO SELLER.

(a) Effective as of the Closing Date, Purchaser hereby grants to Seller, its Subsidiaries and its Affiliates, a non-exclusive, world-wide, irrevocable royalty-free license, without the right to assign or grant sublicenses, except as provided in Sections 5.8(b) and (c), under all Intellectual Property constituting Assets (excluding trademarks, trade names, domain names, service marks, trade dress and any other form of trade identity), to make, have made, use, sell, offer for sale, import, or otherwise dispose of semiconductor products and systems in the conduct of their respective businesses as they are being conducted on the Closing Date and any related extensions or expansions thereof, and to practice any process involved in the use or manufacture thereof.

(b) The license granted under Section 5.8(a) is non-assignable and non-transferable (in insolvency proceedings, by reason of corporate merger, by acquisition or other change in control or otherwise).

(c) The license granted under Section 5.8(a) does not include the right to grant sublicenses, except that Seller, its Subsidiaries and its Affiliates may grant a sublicense (within the scope of such license) to any entity or business that is a spin-off or other similar divestiture of all or any part of the businesses of Seller, its Subsidiaries and its Affiliates (a "Seller Spin-Off") and to any subsequent entity or business that is a spin-off or other similar divestiture of all or any part of a Seller Spin-Off; PROVIDED, HOWEVER, that any such sublicense shall be subject to the same restrictions on assignment and transfer as the original license granted in this Section 5.8.

(d) In the event that following the Closing, Seller or a Seller Spin-Off becomes insolvent or is acquired by or merges with a third party, such license or sublicense shall immediately and automatically terminate with respect to such Person and its Affiliates effective as of the date of such insolvency, acquisition or merger, unless

Seller and Purchaser otherwise agree; provided that such termination of such license or sublicense shall not necessarily affect any other license or sublicense.

## ARTICLE VI

## CONDITIONS TO SELLER'S AND PURCHASER'S OBLIGATIONS

The obligations of Seller and Purchaser to complete the transactions contemplated by this Agreement are subject to the Closing (as defined in the Merger Agreement) under the Merger Agreement having been consummated.

## ARTICLE VII

## CLOSING

The Closing shall, unless another time and date is agreed to in writing by the Parties, take place immediately following the Closing (as defined in the Merger Agreement) under the Merger Agreement and will be effective immediately following the Effective Time (the time and date of such Closing being herein called the "Closing Date"). The Closing will take place at the offices of Chadbourne & Parke LLP, 30 Rockefeller Plaza, New York, New York 10112, or such other place as the Parties may agree. On the Closing Date, the Parties hereto shall deliver the following:

Section 7.1. DELIVERIES BY SELLER. At the Closing, Seller shall deliver to Purchaser the following which in the case of documents, shall be reasonably satisfactory to Purchaser:

(i) an Assets Bill of Sale and Assignment and Assumption Agreement, duly executed by Seller, in form and substance reasonably satisfactory to Purchaser;

(ii) the Assets; and

(iii) all documents of title and instruments of conveyance necessary to transfer record and beneficial ownership to Purchaser of all Assets which require execution, endorsement or delivery of such a document under applicable Law in order to vest record or beneficial ownership thereto in Purchaser.

Section 7.2. DELIVERIES BY PURCHASER. At the Closing, Purchaser shall deliver to Seller the following, which in the case of documents shall be reasonably satisfactory to Seller:

(i) (A) cash payment of the Purchase Price (via wire transfer of immediately available funds), pursuant to Section 2.3, or (B) the Promissory Note, duly executed by Purchaser, in form and substance reasonably satisfactory to Seller, in which case, the Purchase shall deliver to Seller at Closing, in addition to the other deliveries required hereby, (I) a security agreement, duly executed by Purchaser, in form and substance reasonably satisfactory to Seller and Purchaser and in customary form for transactions of this nature, granting Seller a first priority security interest in the security described on EXHIBIT "A", (II) such notices, recordings, mortgages, statements, filings, instruments or other agreements and documents as Seller may reasonably require to have a perfected first priority security interest in the security described on EXHIBIT "A" and (III) customary opinions of counsel to Purchaser for secured transactions of this nature reasonably satisfactory to the Parties and their counsel; and

(ii) an Asset Bill of Sale and Assignment and Assumption Agreement, duly executed by Purchaser, in form and substance reasonably satisfactory to Seller.

## ARTICLE VIII

## INDEMNIFICATION

Section 8.1. INDEMNIFICATION BY SELLER. Subject to the limitations on and procedures for indemnification set forth in this ARTICLE VIII, Seller shall indemnify, defend and hold harmless Purchaser and its Representatives and Affiliates and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Purchaser Indemnified Parties") from and against, and pay or reimburse, as the case may be, the Purchaser Indemnified Parties for, any Damages, as incurred, suffered by any Purchaser Indemnified Parties to the extent based upon, arising out of or relating to the following:

(i) the breach of any representation or warranty of Seller contained in this Agreement; or

(ii) the breach by Seller of any covenant or agreement of Seller contained in this Agreement.

Section 8.2. INDEMNIFICATION BY PURCHASER. Subject to the limitations on and procedures for indemnification set forth in this ARTICLE VIII, Purchaser shall indemnify, defend and hold harmless Seller and its Representatives and Affiliates and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Seller Indemnified Parties") from and against, and pay or reimburse, as the case may be, the Seller Indemnified Parties for, any Damages, as incurred, suffered by any Seller Indemnified Parties to the extent based upon, arising out of or relating to the following:

(i) the breach of any representation or warranty of Purchaser contained in this Agreement; or

(ii) the breach by Purchaser of any covenant or agreement of Purchaser contained in this Agreement.

Section 8.3. LIMITATIONS ON INDEMNIFICATION OBLIGATIONS. (a) The amount which any Party (an "Indemnifying Party") is or may be required to pay to any Person (an "Indemnified Party") in respect of Damages or other Liability for which indemnification is provided under this Agreement shall be reduced by any amounts actually received (including Insurance Proceeds actually received) by or on behalf of such Indemnified Party (net of increased insurance premiums and charges to the extent related to Damages and costs and expenses (including reasonable legal fees and expenses) incurred by such Indemnified Party in connection with seeking to collect and collecting such amounts) in respect of such Damages or other Liability (such net amounts are referred to herein as "Indemnity Reduction Amounts"). If any Indemnified Party receives any Indemnity Reduction Amounts in respect of Damages for which indemnification is provided under this Agreement after the full amount of such Damages has been paid by an Indemnifying Party or after an Indemnifying Party has made a partial payment of such Damages and such Indemnity Reduction Amounts exceed the remaining unpaid balance of such Damages, then the Indemnified Party shall promptly remit to the Indemnifying Party an amount equal to the excess (if any) of (A) the amount theretofore paid by the Indemnifying Party in respect of such Damages, less (B) the amount of the indemnity payment that would have been due if such Indemnity Reduction Amounts in respect thereof had been received before the indemnity payment was made.

(b) In determining the amount of any indemnity payment under this Agreement, such amount shall be (i) reduced to take into account any net Tax benefit realized by the Indemnified Party and its Affiliates arising from the incurrence or payment by the Indemnified Party or its Affiliates of any amount in respect of which such payment is made and (ii) increased to take into account any net Tax cost incurred by the Indemnified Party and its Affiliates as a result of the receipt or accrual of payments hereunder (grossed-up for such increase), in each case determined by treating the Indemnified Party and its Affiliates as recognizing all other items of income, gain, loss,

deduction or credit before recognizing any item arising from the receipt of accrual of any payment hereunder. In determining the amount of any such Tax benefit or Tax cost, the Indemnified Party and its Affiliates shall be deemed to be subject to the applicable Taxes at the maximum statutory rate then in effect. It is the intention of the Parties to this Agreement that payments made pursuant to this Agreement are to be treated as relating back to the Closing Date as a purchase price adjustment, and the Parties shall not take any position inconsistent with such intention before any Tax authority, except to the extent that a final determination (as defined in Section 1313 of the Code) with respect to the recipient party causes any such payment not to be so treated.

(c) No monetary amount will be payable by Seller to any Purchaser Indemnified Party with respect to the indemnification of any claims pursuant to Section 8.1(i) until the aggregate amount of Damages actually incurred by the Purchaser Indemnified Parties with respect to such claims shall exceed on a cumulative basis an amount equal to fifty thousand dollars (U.S.$50,000), in which event Seller shall be responsible only for the amount of such Damages in excess of fifty thousand dollars (U.S.$50,000). No monetary amount will be payable by Seller to any Purchaser Indemnified Party with respect to the indemnification of any claims pursuant to Section 8.1(i) after the aggregate amount of Damages actually paid by Seller with respect to such claims shall equal on a cumulative basis an amount equal to five hundred thousand dollars (U.S.$500,000).

(d) No monetary amount will be payable by Purchaser to any Seller Indemnified Party with respect to the indemnification of any claims pursuant to Section 8.2(i) until the aggregate amount of Damages actually incurred by the Seller Indemnified Parties with respect to such claims shall exceed on a cumulative basis an amount equal to fifty thousand dollars (U.S.$50,000), in which event Purchaser shall be responsible only for the amount of such Damages in excess of fifty thousand dollars (U.S.$50,000). No monetary amount will be payable by Purchaser to any Seller Indemnified Party with respect to the indemnification of any claims pursuant to Section 8.2(i) after the aggregate amount of Damages actually paid by Purchaser with respect to such claims shall equal on a cumulative basis an amount equal to five hundred thousand dollars (U.S.$500,000).

Section 8.4. PROCEDURES RELATING TO INDEMNIFICATION. (a) If a claim or demand is made against an Indemnified Party, or an Indemnified Party shall otherwise learn of an assertion, by any Person who is not a party to this Agreement (or an Affiliate thereof) as to which an Indemnifying Party may be obligated to provide indemnification pursuant to this Agreement (a "Third Party Claim"), such Indemnified Party will notify the Indemnifying Party in writing, and in reasonable detail, of the Third Party Claim reasonably promptly after becoming aware of such Third Party Claim; PROVIDED, HOWEVER, that failure to give such notification will not affect the indemnification provided

hereunder except to the extent the Indemnifying Party shall have been actually prejudiced as a result of such failure. Thereafter, the Indemnified Party will deliver to the Indemnifying Party, promptly after the Indemnified Party's receipt thereof, copies of all material notices and documents (including court papers) received or transmitted by the Indemnified Party relating to the Third Party Claim.

(b) If a Third Party Claim is made against an Indemnified Party, the Indemnifying Party will be entitled to participate in or to assume the defense thereof (in either case, at the expense of the Indemnifying Party) with counsel selected by the Indemnifying Party and reasonably satisfactory to the Indemnified Party. Should the Indemnifying Party so elect to assume the defense of a Third Party Claim, the Indemnifying Party will not be liable to the Indemnified Party for any legal or other expenses subsequently incurred by the Indemnified Party in connection with the defense thereof; PROVIDED, HOWEVER, that if in the Indemnified Party's reasonable judgment a conflict of interest exists in respect of such claim or if the Indemnifying Party shall have assumed responsibility for such claim with any reservations or exceptions, such Indemnified Party will have the right to employ separate counsel reasonably satisfactory to the Indemnifying Party to represent such Indemnified Party and in that event the reasonable fees and expenses of such separate counsel (but not more than one separate counsel for all Indemnified Parties similarly situated) shall be paid by such Indemnifying Party. If the Indemnifying Party assumes the defense of any Third Party Claim, the Indemnified Party will have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Indemnifying Party, it being understood that the Indemnifying Party will control such defense. The Indemnifying Party will be liable for the reasonable fees and expenses of counsel employed by the Indemnified Party for any period during which the Indemnifying Party has failed to assume the defense thereof. If the Indemnifying Party assumes the defense of any Third Party Claim, the Indemnifying Party will promptly supply to the Indemnified Party copies of all material correspondence and documents relating to or in connection with such Third Party Claim and keep the Indemnified Party fully informed of all material developments relating to or in connection with such Third Party Claim (including providing to the Indemnified Party on request updates and summaries as to the status thereof). If the Indemnifying Party chooses to defend a Third Party Claim, the Parties will cooperate in the defense thereof (such cooperation to be at the expense, including reasonable legal fees and expenses, of the Indemnifying Party), which cooperation shall include the retention in accordance with this Agreement and (upon the Indemnifying Party's request) the provision to the Indemnifying Party of records and information which are reasonably relevant to such Third Party Claim, and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

(c) No Indemnifying Party will consent to any settlement, compromise or discharge (including the consent to entry of any judgment) of any Third Party Claim without the Indemnified Party's prior written consent (which consent will not be unreasonably withheld); PROVIDED, HOWEVER, that if the Indemnifying Party assumes the defense of any Third Party Claim, the Indemnified Party will agree to any settlement, compromise or discharge of such Third Party Claim which the Indemnifying Party may recommend and which by its terms obligates the Indemnifying Party to pay the full amount of Damages in connection with such Third Party Claim and unconditionally and irrevocably releases the Indemnified Party and its Affiliates completely from all Liability in connection with such Third Party Claim; PROVIDED, HOWEVER, that the Indemnified Party may refuse to agree to any such settlement, compromise or discharge (x) that provides for injunctive or other non-monetary relief affecting the Indemnified Party or any of its Affiliates or (y) that, in the reasonable opinion of the Indemnified Party, would otherwise materially adversely affect the Indemnified Party or any of its Affiliates. Whether or not the Indemnifying Party shall have assumed the defense of a Third Party Claim, the Indemnified Party will not (unless required by law) admit any liability with respect to, or settle, compromise or discharge, such Third Party Claim without the Indemnifying Party's prior written consent (which consent will not be unreasonably withheld).

(d) Any claim on account of Damages which does not involve a Third Party Claim will be asserted by reasonably prompt written notice given by the Indemnified Party to the Indemnifying Party from whom such indemnification is sought. The failure by any Indemnified Party to so notify the Indemnifying Party will not relieve the Indemnifying Party from any liability which it may have to such Indemnified Party under this Agreement, except to the extent that the Indemnifying Party shall have been actually prejudiced by such failure.

(e) In the event of payment in full by an Indemnifying Party to any Indemnified Party in connection with any Third Party Claim, such Indemnifying Party will be subrogated to and shall stand in the place of such Indemnified Party as to any events or circumstances in respect of which such Indemnified Party may have any right or claim relating to such Third Party Claim against any claimant or plaintiff asserting such Third Party Claim or against any other Person. Such Indemnified Party will cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right or claim.

Section 8.5. SOLE AND EXCLUSIVE REMEDY. The indemnities contained in this ARTICLE VIII shall be the sole and exclusive remedies of the Parties hereto, their Affiliates, successors and assigns with respect to any and all claims arising out of or relating to this Agreement, the transactions contemplated hereby, any provision hereof or the breach or performance thereof.

Section 8.6. TERMINATION OF INDEMNIFICATION OBLIGATIONS. Except as set forth in the following sentence, the indemnification obligations of each of Seller and Purchaser hereunder will survive, including surviving the sale or other transfer by any party of any assets or businesses or the assignment by any party of any Liabilities. The obligations of each Party to indemnify, defend and hold harmless Indemnified Parties (i) pursuant to Sections 8.1(i) and 8.2(i), shall terminate when the applicable representation or warranty expires pursuant to Section 11.4 and (ii) pursuant to Sections 8.1(ii) and 8.2(ii) shall terminate upon the expiration of all applicable statutes of limitation (giving effect to any extensions thereof, other than extensions caused by the applicable Indemnified Party); PROVIDED, HOWEVER, that as to clauses (i) and (ii) above, such obligations to indemnify, defend and hold harmless shall not terminate with respect to any individual claim as to which the Indemnified Party shall have, before the expiration of the applicable period, previously delivered a notice (stating in reasonable detail the basis of such claim) to the Indemnifying Party.

Section 8.7. EFFECT OF INVESTIGATION. The right to indemnification pursuant to Sections 8.1(i) and 8.2(i) shall not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement.

## ARTICLE IX

## TAXES

Section 9.1. TRANSFER, SALES AND USE TAXES. Notwithstanding anything to the contrary in this Agreement, all transfer, documentary, sales, use, stamp, registration, value added and other similar Taxes and fees (including any penalties and interest) incurred in connection with the transactions contemplated by this Agreement shall be shared equally by Seller and Purchaser. Each Party hereto agrees to file all necessary documentation (including all Tax Returns) with respect to all such Taxes in a timely manner. On or before the Closing Date, Purchaser shall provide to Seller a required sales and use tax purchase exemption certificate or certificates with respect to the Assets to the extent they constitute (i) exempt tangible personal property held for resale or for incorporation into goods to be held for resale, (ii) exempt manufacturing and production equipment, or (iii) otherwise are exempt from the sales and use tax upon the provision of an appropriate exemption certificate.

Section 9.2. TAX RETURNS. Seller shall prepare and file or cause to be prepared and filed all Tax Returns (including amendments thereto) which are required to be filed in respect of the Assets for any taxable period ending on or before the Closing Date and any taxable period that includes (but does not end on) the Closing Date (a

"Straddle Period"). Purchaser hereby irrevocably designates, and agrees to cause each of its Affiliates to designate Seller as its agent to take any and all actions necessary or incidental to the preparation and filing of such Tax Returns. All Tax Returns (including amendments thereto) required to be filed in respect of the Assets for taxable periods beginning after the Closing Date shall be the responsibility of Purchaser.

Section 9.3. PRORATIONS. Purchaser and Seller agree that Taxes with respect to the Assets shall be prorated as of the Closing Date, with Seller liable to the extent such Taxes relate to any time period on or before the Closing Date, and Purchaser liable to the extent such Taxes relate to periods commencing after the Closing Date.

Section 9.4. ALLOCATION OF STRADDLE PERIOD TAXES. In the case of any Straddle Period:

(a) PERIODIC TAXES. (i) The periodic Taxes with respect to the Assets that are not based on income or receipts (E.G., property Taxes) for the portion of any Straddle Period which ends on the Closing Date shall be computed based on the ratio of the number of days in such portion of the Straddle Period and the number of days in the entire taxable period, and (ii) the periodic taxes with respect to the Assets that are not based on income or receipts for the portion of any Straddle Period beginning on the day after the Closing Date shall be computed based on the ratio of the number of days in such portion of the Straddle Period and the number of days in the entire taxable period.

(b) NON-PERIODIC TAXES. (i) The Taxes with respect to the Assets for that portion of any Straddle Period ending on the Closing Date (other than Taxes described in Section 9.4(a) above), shall be computed on a "closing-of-the-books" basis as if such taxable period ended as of the close of business on the Closing Date, and (ii) the Taxes with respect to the Assets for that portion of any Straddle Period beginning after the Closing Date (other than Taxes described in Section 9.4(a) above), shall be computed on a "closing-of-the-books" basis as if such taxable period began on the day after the Closing Date.

## ARTICLE X

## TERMINATION

Section 10.1. VOLUNTARY TERMINATION. This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing Date by the mutual written consent of Purchaser and Seller.

Section 10.2. AUTOMATIC TERMINATION. In the event of a termination of the Merger Agreement, this Agreement shall automatically and immediately terminate.

Section 10.3. EFFECT OF TERMINATION. In the event of the termination of this Agreement, all further obligations of the Parties hereunder shall terminate, and the transactions contemplated hereby shall be abandoned without further action or liability by any of the Parties hereto, except that (i) Section 10.3 ("Effect of Termination"), Section 11.2 ("Notices"), Section 11.3 ("Choice of Law, Dispute Resolution"), Section 11.6 ("Entire Agreement; Waivers"), Section 11.8 ("Severability"), Section 11.10 ("Expenses") and Section 11.12 ("Parties in Interest") shall survive such termination and (ii) nothing shall relieve any Party hereto from liability for any breach of this Agreement prior to such termination.

## ARTICLE XI

## MISCELLANEOUS

Section 11.1. ASSIGNMENT. No Party to this Agreement will convey, assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the other Party in its sole and absolute discretion. Notwithstanding the foregoing, any Party may (without obtaining any consent) assign, delegate or sublicense all or any portion of its rights and obligations hereunder to (i) the surviving entity resulting from a merger or consolidation involving such Party, (ii) the acquiring entity in a sale or other disposition of (A) all or substantially all of the assets of such Party as a whole or (B) any line of business or division of such Party, (iii) any other Person that is created as a result of a spin-off from, or similar reorganization transaction of, such Party or any line of business or division of such Party, (iv) in the case of Purchaser, to Maquiladora or (v) an Affiliate. In the event of an assignment pursuant to (ii) or (iii) above, the non-assigning Party shall, at the assigning Party's request, use good faith commercially reasonable efforts to enter into separate agreements with each of the resulting entities and take such further actions as may be reasonably required to assure that the rights and obligations under this Agreement are preserved, in the aggregate, and divided equitably between such resulting entities. Any conveyance, assignment or transfer requiring the prior written consent of another Party pursuant to this Section 11.1 which is made without such consent will be void ab initio. No assignment of this Agreement will relieve the assigning Party of its obligations hereunder.

Section 11.2. NOTICES. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, (b) upon confirmation of receipt if delivered by telecopy or telefacsimile, (c) on the first Business Day following the date of dispatch if delivered by a recognized

next-day courier service, or (d) on the fifth Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the Party to receive such notice:

If to Purchaser, to:

Alpha Industries, Inc.
20 Sylvan Road
Woburn, MA 01801
Fax: (617) 824-4426
Attention: Paul E. Vincent
Chief Financial Officer

With copies to (not effective for purposes of notice):

Alpha Industries, Inc.
20 Sylvan Road
Woburn, MA 01801
Fax: (617) 824-4564
Attention: James K. Jacobs, Esq.
General Counsel

or if to Seller, to:

Conexant Systems, Inc.
4311 Jamboree Road
Newport Beach, California 92660-3095
Fax: (949) 483-6388
Attention: Dennis E. O'Reilly
Senior Vice President, General
Counsel and Secretary

With a copy to (not effective for purposes of notice):

Chadbourne & Parke LLP
30 Rockefeller Plaza
New York, New York 10112
Fax: (212) 541-5369
Attention: Peter R. Kolyer, Esq.

Section 11.3. CHOICE OF LAW; DISPUTE RESOLUTION.

(a) CHOICE OF LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware (without giving effect to choice of law principles).

(b) DISPUTE RESOLUTION. In the event that from and after the Closing, any dispute, claim or controversy (collectively, a "Dispute") arises out of or relates to any provision of this Agreement or the breach, performance, enforcement or validity or invalidity thereof, the designees of Seller's Chief Executive Officer and Purchaser's Chief Executive Officer will attempt a good faith resolution of the Dispute within thirty (30) days after either Party notifies the other Party in writing of the Dispute. If the Dispute is not resolved within thirty (30) days of the receipt of the notification, or within such other time as they may agree, the Dispute will be referred for resolution to Seller's Chief Executive Officer and Purchaser's Chief Executive Officer. Should they be unable to resolve the Dispute within thirty (30) days following the referral to them, or within such other time as they may agree, Seller and Purchaser will then attempt in good faith to resolve such Dispute by mediation in accordance with the then-existing CPR Mediation Procedures promulgated by the CPR Institute for Dispute Resolution, New York City. If such mediation is unsuccessful within thirty (30) days (or such other period as the Parties may mutually agree) after the commencement thereof, such Dispute shall be submitted by the Parties to binding arbitration, initiated and conducted in accordance with the then-existing American Arbitration Association Commercial Arbitration Rules, before a single arbitrator selected jointly by Seller and Purchaser, who shall not be the same person as the mediator appointed pursuant to the preceding sentence. If Seller and Purchaser cannot agree upon the identity of an arbitrator within ten (10) days after the arbitration process is initiated, then the arbitration will be conducted before three arbitrators, one selected by Seller, one selected by Purchaser and the third selected by the first two. The arbitration shall be conducted in San Francisco, California and shall be governed by the United States Arbitration Act, 9 U.S.C. Sections 1-16, and judgment upon the award may be entered by any court having jurisdiction thereof. The arbitrators shall have case management authority and shall resolve the Dispute in a final award within one hundred eighty (180) days from the commencement of the arbitration action, subject to any extension of time thereof allowed by the arbitrators upon good cause shown.

Section 11.4. SURVIVAL OF REPRESENTATIONS AND WARRANTIES AND COVENANTS. The respective representations and warranties of the Parties contained in this Agreement (other than those set forth in the following sentence) will survive the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and the Closing and will continue in full force and effect until six (6) months after the Closing Date and will then expire. The representations and warranties of the Parties

contained in Section 3.1, Section 3.2, Section 3.3, Section 3.9, Section 3.11, Section 4.1, Section 4.2, and Section 4.3 will survive the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and the Closing and will continue in full force and effect until all applicable statutes of limitation (including any extensions thereof) have expired and will then expire. All covenants of the Parties contained in this Agreement will remain in full force and effect after, and survive, the Closing (other than those to be performed at or prior to the Closing).

Section 11.5. LIMITATIONS ON REPRESENTATIONS AND WARRANTIES. Except for the representations and warranties set forth in this Agreement, the Assets are being sold "AS IS, WHERE IS, AND WITH ALL FAULTS." EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER CONCERNING THE ASSUMED LIABILITIES, THE ASSETS, OR ANY OTHER MATTER, EXPRESS OR IMPLIED, ORAL, OR WRITTEN. SELLER HEREBY SPECIFICALLY DISCLAIMS THE IMPLIED WARRANTY OF MERCHANTABILITY AND THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE.

Section 11.6. ENTIRE AGREEMENT; WAIVERS. This Agreement, together with all exhibits and Schedules hereto, and the other agreements and instruments of the Parties delivered in connection herewith constitute the entire agreement and supersede all prior agreements and understandings both written and oral, among the Parties with respect to the subject matter hereof. The failure of any Party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of those rights.

Section 11.7. COUNTERPARTS. This Agreement may be executed in separate counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts will together constitute the same agreement. This Agreement may be executed and delivered by telecopier with the same force and effect as if it were a manually executed and delivered counterpart.

Section 11.8. SEVERABILITY. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances other than those as to which it has been held invalid or unenforceable, will remain in full force and effect and will in no way be affected, impaired or invalidated thereby. If the economic or legal substance of the transactions contemplated hereby is affected in any manner adverse to any Party as a result thereof, the Parties will negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect the original intent of the Parties.

Section 11.9. HEADINGS. The headings of the Articles and Sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 11.10. EXPENSES. Except as otherwise provided in this Agreement, each of the Parties shall be liable for its own expenses incurred in connection with the negotiation, preparation, execution and performance of this Agreement prior to Closing.

Section 11.11. AMENDMENTS. This Agreement cannot be amended, modified or supplemented except by a written agreement executed by Seller and Purchaser.

Section 11.12. PARTIES IN INTEREST. This Agreement is binding upon and is for the benefit of the Parties hereto and their respective successors and permitted assigns. This Agreement is not made for the benefit of any Person not a Party hereto, and no Person other than the Parties hereto or their respective successors and permitted assigns will acquire or have any benefit, right, remedy or claim under or by reason of this Agreement, except that the provisions of Sections 8.1 and 8.2 hereof shall inure to the benefit of the Persons referred to therein.

Section 11.13. SCHEDULES AND EXHIBITS. Inclusion of an item or matter on any of the Schedules or Exhibits attached hereto shall not be deemed to be an admission by any Party that such item or matter is required to be disclosed in such Schedule or Exhibit. Each disclosure on each Schedule, to the extent specified therein, qualifies the correspondingly numbered representation and warranty or covenant contained herein and, to the extent it is apparent on the face of such disclosure that such disclosure qualifies another representation or warranty contained herein, such other representation and warranty.

Section 11.14. COOPERATION FOLLOWING THE CLOSING. Following the Closing, the Parties shall each deliver to the other such further information and documents and shall execute and deliver to the other such further instruments and agreements as the other shall reasonably request to consummate or confirm the transactions provided for in this Agreement, to accomplish the purpose of this Agreement or to assure to the other the benefits of this Agreement.

[The remainder of this page is left intentionally blank; signature page follows]

IN WITNESS WHEREOF, each of the Parties listed below has executed this U.S. Asset Purchase Agreement as of the day and year first above written.

CONEXANT SYSTEMS, INC.

By: /s/ Dwight W. Decker
---
Dwight W. Decker
Chairman of the Board and Chief Executive Officer

ALPHA INDUSTRIES, INC.

By: /s/ David J. Aldrich
---
David J. Aldrich
President and Chief Executive Officer

AMENDMENT TO THE
U.S. ASSET PURCHASE AGREEMENT

AMENDMENT NO. 1 TO THE U.S. ASSET PURCHASE AGREEMENT, dated as of June 25, 2002 (this "Amendment"), to the U.S. Asset Purchase Agreement, dated as of December 16, 2001, by and between CONEXANT SYSTEMS, INC. ("Seller") and ALPHA INDUSTRIES, INC. ("Purchaser") (as amended, modified or supplemented from time to time, the "U.S. Asset Purchase Agreement").

W I T N E S S E T H :

WHEREAS, Seller and Purchaser wish to amend the U.S. Asset Purchase Agreement as set forth herein;

NOW THEREFORE, the parties hereto agree as follows:

SECTION 1. Definitions. Capitalized terms used herein and not defined herein have the meanings ascribed to them in the U.S. Asset Purchase Agreement.

SECTION 2. Conditions to Effectiveness of this Amendment. This Amendment shall become effective on June 25, 2002 (the "Amendment Effective Date").

SECTION 3. Amendment to the U.S. Asset Purchase Agreement.

(a) Article I is hereby amended by deleting in its entirety the definition of "Mexican Stock and Asset Purchase Agreement" and inserting in lieu thereof the following:

"Mexican Asset Purchase Agreement" means that certain Amended and Restated Mexican Asset Purchase Agreement, dated as of June 25, 2002, by and between Seller and Purchaser, as the same may be amended, modified or supplemented from time to time.

"Mexican Stock and Asset Purchase Agreement" means the Mexican Stock Purchase Agreement and the Mexican Asset Purchase Agreement, individually and collectively.

"Mexican Stock Purchase Agreement" means that certain Mexican Stock Purchase Agreement, dated as of June 25, 2002, by and

between Seller and Purchaser, as the same may be amended, modified or supplemented from time to time.

(b) Article I is hereby amended by deleting in its entirety the definition of "Purchase Price" and inserting in lieu thereof the following:

"Purchase Price" means fifty million eight hundred ninety thousand dollars (U.S.$50,890,000).

[No additional text on this page]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CONEXANT SYSTEMS, INC.,
as Seller

By: /s/ Dennis E. O'Reilly
---
Name: Dennis E. O'Reilly
Title: Senior Vice President, General Counsel and Secretary

ALPHA INDUSTRIES, INC.,
as Purchaser

By: /s/ Paul E. Vincent
---
Name: Paul E. Vincent
Title: Vice President, Chief Financial Officer, Treasurer and Secretary

[DELOITTE & TOUCHE LETTERHEAD]

June 27, 2002

Securities and Exchange Commission
Mail Stop 11-3
450 5th Street, N.W.
Washington, D.C. 20549

Dear Sir/Madam:

We have read and agree with the comments in Item 4 of Form 8-K of Skyworks Solutions, Inc. dated June 25, 2002, with the exception of the statements made in the first two sentences of the fourth paragraph, as to which we have no basis to agree or disagree.

Yours truly,

/s/ Deloitte & Touche LLP

EXHIBIT 99.1

# FINANCING AGREEMENT

among

ALPHA INDUSTRIES, INC.,

CERTAIN OF
ITS SUBSIDIARIES

and

CONEXANT SYSTEMS, INC.

TABLE OF CONTENTS

# FINANCING AGREEMENT

AGREEMENT dated as of June 25, 2002 among Conexant Systems, Inc., a Delaware corporation ("CONEXANT"), Alpha Industries, Inc., a Delaware corporation ("ALPHA"), and each of the subsidiaries of Alpha that are or are to become a party to this Agreement (the "ALPHA SUBSIDIARIES").

## SECTION 1

## DEFINED TERMS; RULES OF CONSTRUCTION

1.1. DEFINED TERMS. In this Agreement, terms defined in Exhibit A shall have the meanings set forth therein, terms defined in the preamble, preliminary statements or other sections of this Agreement shall have the meanings set forth therein, terms defined in the UCC and not otherwise defined in this Agreement shall have the meanings set forth in the UCC, and capitalized terms used but not otherwise defined in this Agreement which are defined in the Purchase Documents shall have the meanings set forth in the Purchase Documents.

1.2. RULES OF CONSTRUCTION. The rules of construction set forth in Exhibit A shall apply to this Agreement.

## SECTION 2

## FINANCING

2.1. REVOLVING CREDIT FACILITY.

2.1.1. REVOLVING CREDIT COMMITMENT.

2.1.1.1. COMMITMENT TO LEND. During the Availability Period, Conexant agrees, subject to the terms and conditions set forth in this Agreement, to make Revolving Loans to Alpha from time to time in amounts such that the aggregate principal amount of all Revolving Loans then outstanding does not exceed the Commitment.

2.1.1.2. COMMITMENT AMOUNT. The Commitment shall be $100,000,000, less the Reserve, if any, subject to reduction and termination as provided in Section 2.1.1.3.

2.1.1.3. COMMITMENT TERMINATION AND REDUCTION. Alpha may at any time during the Availability Period, upon at least two Business Days' notice to Conexant, (i) terminate the Commitment at any time when no Revolving Loans are outstanding, and (ii) reduce from time to time the amount of the Commitments in excess of the then outstanding aggregate principal amount of Revolving Loans then outstanding. The Commitment shall terminate on the Expiration Date. Conexant may at any time when an Event of Default has occurred and is continuing terminate the Commitment in whole or in part as provided in Section 2.1.5.6. The Commitment shall terminate, automatically and without notice or other action to or by any person, upon the occurrence of any Bankruptcy Event. The Commitment shall be reduced, automatically and without notice or other action to or by any person, by an amount equal to the product of (x) 1 1/3 and (y) the aggregate amount of any prepayment of Revolving Loans required to be made pursuant to Sections 2.1.5.4 and 2.1.5.5; provided that if the product of (x) and (y) would result in a Commitment of less than the outstanding principal amount of the Revolving Loans, after giving effect to any prepayment required to be made pursuant to Sections 2.1.5.4 and 2.1.5.5, then the Commitment shall be equal to the then outstanding principal amount of the Revolving Loans, after giving effect to any such prepayment.

2.1.2. REVOLVING LOANS. Within the limits set forth in Section 2.1.1, Alpha may borrow, repay, prepay and reborrow at any time during the Availability Period.

2.1.3. BORROWING PROCEDURE. Alpha may borrow by giving Conexant a Notice of Borrowing not later than 10:30 a.m. (Pacific time) on the third Business Day before each Revolving Loan. Each Notice of Borrowing shall specify (i) the date of the borrowing, which must be a Business Day and (ii) the aggregate amount of the borrowing and must be signed on behalf of Alpha by its chief executive officer or chief financial officer. Each borrowing must be in an aggregate principal amount of $5,000,000 (or any larger multiple of $1,000,000). Not later than 11:00 a.m. (Pacific time) on the date of each borrowing, Conexant will make available to Alpha the amount requested in the applicable Notice of Borrowing by transferring such amount, in immediately available funds, to the Borrower Account.

2.1.4. INTEREST.

2.1.4.1. INTEREST RATE. Each Revolving Loan shall bear interest on the outstanding principal amount thereof, for each day it is outstanding, at a rate per annum equal to the Applicable Rate for the Revolving Loans.

2.1.4.2. DEFAULT RATE. If any Event of Default has occurred and is continuing, each Revolving Loan shall bear interest on the outstanding amount thereof, for each day it is outstanding, at a rate per annum equal to the Applicable Rate for Revolving Loans plus 2%.

2.1.4.3. INTEREST PAYMENTS. Interest on Revolving Loans shall be paid monthly in arrears on the last Business Day of each month and on the Expiration Date.

2.1.4.4. INTEREST COMPUTATION. All interest hereunder shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

2.1.5. REPAYMENT OF REVOLVING LOANS.

2.1.5.1. EXPIRATION DATE. Alpha hereby unconditionally promises that on the Expiration Date, Alpha shall repay the unpaid principal amount of each Revolving Loan then outstanding, together with all accrued and unpaid interest on such principal amount to the date of payment.

2.1.5.2. OPTIONAL PREPAYMENT. Alpha may, at any time and from time to time, upon three (3) days' prior written notice to Conexant, prepay any Revolving Loans, in whole or in part, together with interest on the amount prepaid to the date of prepayment, without penalty or premium. Once Alpha has given notice of a prepayment hereunder, Alpha shall be obligated to make such prepayment.

2.1.5.3. MANDATORY PREPAYMENT; COMMITMENT AMOUNT. In addition to any other mandatory prepayments or commitment reductions required pursuant to this Agreement, Alpha shall, automatically and without notice or other action to or by any person, prepay Loans at such times and in such amounts as shall be required to assure that the aggregate principal amount of all Revolving Loans then outstanding does not at any time exceed the Commitment as then in effect. In the event of any termination of the Commitment, Alpha shall prepay all Revolving Loans then outstanding on the date of such termination, together with all accrued and unpaid interest to the date of payment.

2.1.5.4. MANDATORY PREPAYMENTS; RELEVANT TRANSACTIONS. In addition to any other mandatory prepayments or commitment reductions required pursuant to this Agreement, not later than one Business Day after Alpha receives any Net Cash Proceeds from any Relevant Transaction, Alpha shall apply all of the Net Cash Proceeds of such Relevant Transaction as

follows: (a) first to prepay principal of the Acquisition Notes, pro rata in proportion to the principal amounts of the Acquisition Notes outstanding immediately prior to any such prepayment, any such prepayment to be applied first to reduce the amount of any prepayment required by Section 2.2.2.4 and second to reduce the amount payable on the Maturity Date of the Acquisition Notes and (b) second to prepay Revolving Loans then outstanding (whereupon the Commitment shall be reduced as provided in Section 2.1.1.3). Notwithstanding the foregoing, Alpha may retain that portion of the Net Cash Proceeds of such Relevant Transaction as may be required to assure that the amount of Available Cash is not less than $60,000,000; provided that nothing herein shall permit Alpha to retain any amount of Available Cash in excess of $60,000,000 after the Excess Cash Payment Date immediately following the receipt of such Net Cash Proceeds.

2.1.5.5. MANDATORY PREPAYMENTS; EXCESS CASH. In addition to any other mandatory prepayments or commitment reductions required pursuant to this Agreement, on each Excess Cash Payment Date following July 31, 2002, Alpha shall apply an amount equal to all Excess Cash as follows: (a) first to prepay principal of the Acquisition Notes, pro rata in proportion to the principal amounts of the Acquisition Notes outstanding immediately prior to any such prepayment, any such prepayment to be applied first to reduce the amount of any prepayment required by Section 2.2.2.4 and second to reduce the amount payable on the Maturity Date of the Acquisition Notes and (b) second to prepay Revolving Loans then outstanding (whereupon the Commitment shall be reduced as provided in Section 2.1.1.3).

2.1.5.6. EVENT OF DEFAULT. If any Event of Default has occurred, at any time thereafter during the continuance of such Event of Default, Conexant may, by notice to Alpha, take either or both of the following actions (in addition to exercising any other rights or remedies it may have under this Agreement, applicable law or otherwise):

(i) terminate the Commitment; and

(ii) declare the Revolving Loans then outstanding to be due and payable, in whole or in part, whereupon the principal of the Revolving Loans, together with accrued interest thereon and all other liabilities under this Agreement or any other Financing Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by Alpha and each of

the other Obligors, anything contained in this Agreement or the other Financing Documents to the contrary notwithstanding.

If any Bankruptcy Event occurs, the Commitments shall automatically terminate and the principal of the Revolving Loans, together with accrued interest thereon and all other liabilities under this Agreement or any other Financing Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by Alpha and each of the other Obligors, anything contained in this Agreement or the other Financing Documents to the contrary notwithstanding.

2.1.6. EVIDENCE OF REVOLVING LOANS. Conexant shall maintain accounts and records in which it shall record for each Revolving Loan made by it hereunder:

2.1.6.1. the amount and the borrowing date of such Revolving Loan;

2.1.6.2. the amount of any principal paid, pre-paid and repaid for such Revolving Loan;

2.1.6.3. the amount of any interest payable and paid for such Revolving Loan; and

2.1.6.4. the amount of any other sum paid by Alpha under this Agreement.

The entries made in such accounts shall be prima facie evidence of the existence and amounts of the obligations therein recorded. Conexant may request that its Revolving Loans be evidenced by a promissory note. In such event, Alpha shall execute and deliver to Conexant a promissory note payable to the order of Conexant substantially in the form annexed as Exhibit B-1.

2.1.7. USE OF PROCEEDS. All proceeds of the Revolving Loans shall be used solely for (i) the working capital, Capital Expenditures (to the extent permitted by Section 7.16) and general corporate purposes of Alpha and its Subsidiaries (subject to the restrictions herein with respect to Excluded Subsidiaries and Restricted Subsidiaries) and (ii) to pay expenses incurred by Alpha and its Subsidiaries in connection with the Spin-off, the Merger, the Purchase Documents and the Financing Documents. No part of the proceeds shall be used (i) to purchase or carry any Margin Stock or to extend credit for purpose of purchasing or carrying any Margin Stock, or (ii) to make Investments, other than Permitted Investments, or (iii) make any Restricted Payments.

2.2. ACQUISITION NOTES.

2.2.1. INTEREST.

2.2.1.1. INTEREST RATE. Each Acquisition Note shall bear interest on the outstanding principal amount thereof, for each day it is outstanding, at a rate per annum equal to the Applicable Rate for the Acquisition Notes.

2.2.1.2. DEFAULT RATE. If any Event of Default has occurred and is continuing, each Acquisition Note shall bear interest on the outstanding amount thereof, for each day it is outstanding, at a rate per annum equal to the Applicable Rate for Acquisition Notes plus 2%.

2.2.1.3. INTEREST PAYMENTS. Interest on Acquisition Notes shall be paid quarterly in arrears on the last Business Day of each June, September, December and March, commencing June 30, 2002 and on the Maturity Date.

2.2.1.4. INTEREST COMPUTATION. All interest hereunder shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

2.2.2. REPAYMENT OF ACQUISITION NOTES.

2.2.2.1. ALPHA NOTES MATURITY DATE. Alpha hereby unconditionally promises that on the Maturity Date, Alpha shall repay the unpaid principal amount of each Alpha Note then outstanding, together with all accrued and unpaid interest on such principal amount to the date of payment.

2.2.2.2. MEXICALI NOTE MATURITY DATE. Mexicali hereby unconditionally promises that on the Maturity Date, Mexicali shall repay the unpaid principal amount of each Mexicali Note then outstanding, together with all accrued and unpaid interest on such principal amount to the date of payment.

2.2.2.3. OPTIONAL PREPAYMENT. Alpha and Mexicali may, at any time and from time to time, upon three (3) days' prior written notice to Conexant, prepay any Acquisition Note, in whole or in part, together with interest on the amount prepaid to the date of prepayment, without penalty or premium. Once Alpha or Mexicali has given notice of a prepayment of an Acquisition Note hereunder, Alpha and Mexicali shall be obligated to make such prepayment. Any such prepayment shall be applied first to reduce the amount of any prepayment required by Section 2.2.2.4 and

second to reduce the amount payable on the Maturity Date of such Acquisition Note.

2.2.2.4. MANDATORY PREPAYMENTS OF ACQUISITION NOTES. In addition to any other mandatory prepayments required pursuant to this Agreement, not later than the date that is 270 calendar days after the Closing Date, Alpha or Mexicali, as applicable, shall pay the Acquisition Notes in the following principal amounts, unless sooner paid as provided herein or in the Acquisition Notes:

| NOTE | AMOUNT OF PRINCIPAL PAYMENT |
|---|---|
| Stock Purchase Note | $ 9,555,000 |
| U.S. Asset Purchase Note | $25,445,000 |
| Mexicali Note or Exchange Note | $40,000,000 |
| Total | $75,000,000 |

2.2.2.5. FUNDING PREPAYMENTS. Prepayments of Acquisition Notes made pursuant to this Section shall be made (1) by Alpha directly in respect of the Alpha Notes and (2) by Alpha making a contribution to the capital of Mexicali in an amount sufficient to enable Mexicali to make any required prepayment of the Mexicali Note, and causing Mexicali to make such prepayment, as and when due.

2.2.2.6. EVENT OF DEFAULT. If any Event of Default has occurred, at any time thereafter during the continuance of such Event of Default, Conexant may, by notice to Alpha and Mexicali (in addition to exercising any other rights or remedies it may have under this Agreement, applicable law or otherwise) declare the Acquisition Notes then outstanding to be due and payable in whole or in part, whereupon the principal of the Acquisition Notes, together with accrued interest thereon and all other liabilities under this Agreement or any other Financing Document, shall become forthwith due and

payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by Alpha, Mexicali and each of the other Obligors, anything contained in this Agreement or the other Financing Documents to the contrary notwithstanding. If any Bankruptcy Event occurs, the principal of the Acquisition Notes, together with accrued interest thereon and all other liabilities under this Agreement or any other Financing Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by Alpha, Mexicali and each of the other Obligors, anything contained in this Agreement or the other Financing Documents to the contrary notwithstanding.

2.3. FINANCING DOCUMENTS. Subject to the terms and conditions in this Agreement, on the Closing Date, Alpha shall deliver to Conexant the following in connection with the financing for the acquisitions pursuant to the Purchase Documents:

2.3.1. ALPHA NOTES. The Alpha Notes, dated the Closing Date, in the principal amounts set forth in Schedule 2.3.1, and duly executed and delivered by Alpha and guaranteed por aval by Mexicali.

2.3.2. MEXICALI NOTE. The Mexicali Note, dated the Closing Date, in the principal amount set forth in Schedule 2.3.2, and duly executed and delivered by Mexicali and guaranteed por aval by Alpha.

2.3.3. SECURITY DOCUMENTS. Each of the Security Documents, dated as of the Closing Date, and duly executed by each of the parties thereto.

2.3.4. CLOSING CERTIFICATE. A Closing Certificate for each Obligor, dated the Closing Date, and duly executed by an executive officer of the Obligor, as appropriate, certifying as to the matters set forth therein.

2.3.5. UCC FINANCING STATEMENTS. The UCC financing statements in proper form for filing and recording in the appropriate recording offices in all United States jurisdictions in which such filings are necessary or appropriate to perfect the security interest granted by this Agreement and the other U.S. Security Documents.

2.3.6. MORTGAGE RECORDING. The U.S. Mortgages and the Mexican Mortgages in proper form for filing and recording in the appropriate recording offices in all United States and Mexican jurisdictions in which such filings are necessary or appropriate to perfect the Liens granted therein.

2.3.7. FIANZA. The Fianza, dated the Closing Date, and duly executed by Mexicali.

2.3.8. INSURANCE. In respect of each insurance policy covering Alpha and its Subsidiaries, a certificate of insurance describing the policies of insurance referred to in Section 4.16.

2.3.9. PLEDGED SECURITIES. The following documents and instruments in respect of the Pledged Securities:

2.3.9.1. Certificates representing the Pledged Securities, duly endorsed for transfer or accompanied by assignment forms or powers endorsed in blank, except (a) as otherwise provided below for the Foreign Subsidiaries organized under the laws of Korea and Japan, the Pledged Securities of which shall be endorsed as hereinafter provided, and (b) to the extent any of the Pledged Securities of any Foreign Subsidiary are not certificated, Alpha shall cause the pledge of the relevant Pledged Securities to be effected in accordance with applicable local laws governing the effective pledge of such Pledged Securities, which may include, but not be limited to, the registration or recording of Conexant as pledgee in the share register or such other instrument evidencing the ownership of such Pledged Securities, as described in more detail hereinafter.

2.3.9.2. In respect of Conexant Systems Finland Oy ("FINLAND"), a notice of the pledge of the Pledged Stock of Finland, countersigned by Alpha and a director of Finland.

2.3.9.3. In respect of Conexant Wireless S.A.S. ("FRANCE"), (a) evidence reasonably satisfactory to Conexant that the pledge of shares of France has been registered in the special account of the share register of France, (b) a Pledge of Share Account Declaration for the pledge of the Pledged Securities of France, duly executed by Alpha and (c) a Certificate of Pledge of Account of Financial Instruments for the pledge of the Pledged Securities of France, duly executed by France.

2.3.9.4. In respect of Mexicali, evidence reasonably satisfactory to Conexant that the pledge of stock of Mexicali has been duly recorded in the Mexicali Shareholders' and Shares' Registry Books.

2.3.9.5. In respect of Conexant Systems Korea, Ltd. ("KOREA"), (a) evidence reasonably satisfactory to Conexant that the pledge of Pledged Securities of Korea has been registered in the shareholders list of Korea, and (b) an endorsement on each share certificate representing the Pledged Securities of Korea in favor of Conexant as pledgee.

2.3.9.6. In respect of LeaderCo Japan KK ("JAPAN"), (a) evidence reasonably satisfactory to Conexant that the pledge of shares of Japan has been registered in the shareholders list of Japan, and (b) a recordation of Conexant as a pledgee on each share certificate representing Pledged Securities of Japan.

2.3.9.7. In respect of LeaderCo UK Ltd. ("UK"), (a) evidence reasonably satisfactory to Conexant that (i) Alpha has been recorded as the owner of

all the outstanding share capital of UK in the register of members of UK, and (b) the Share Mortgage in respect of all the outstanding share capital of UK, in form reasonably satisfactory to Conexant, duly executed as a deed by Alpha.

2.3.10. PLEDGED INSTRUMENTS. Originals of each of the Instruments referred to in Schedule 5.2.1 (5), duly endorsed for transfer or accompanied by assignment forms or powers endorsed in blank.

2.3.11. LEGAL OPINIONS. An opinion of counsel for Alpha and the Alpha Subsidiaries, dated the Closing Date, substantially in the form annexed as Exhibit J-1. An opinion of counsel for Trans-Tech, Inc., dated the Closing Date, substantially in the form annexed as Exhibit J-2.

2.3.12. FEES AND EXPENSES. Evidence reasonably satisfactory to Conexant that Alpha has paid all transfer, UCC, Patent and Trademark Office, mortgage, notary, documentary, stamp or other filing or recording fees or taxes, and title insurance premiums incurred by Conexant in connection with the Financing Documents and establishing or perfecting the Liens provided in the Security Documents, as set forth in Schedule 2.3.12.

2.3.13. OTHER. Such other documents and instruments as Conexant may reasonably request to establish, perfect or enforce the Liens granted in this Agreement or the other Financing Documents or to protect and enforce any rights or remedies provided in this Agreement or the other Financing Documents.

2.4. NOTE EXCHANGE. Subject to the terms and conditions set forth in this Section 2.4, Conexant shall have the right to exchange the Mexicali Note for the Alpha Exchange Note (the "EXCHANGE RIGHT").

2.4.1. The Exchange Right may be exercised (i) at any time after the date which is 45 calendar days following the Closing Date and before two (2) Business Days prior to the Maturity Date, and (ii) only (x) in connection with a Transfer permitted by Section 9.4 in respect of which Conexant can make the certification provided for in Section 2.4.2.3 (a) or (y) with Alpha's consent, and (iii) only once as to the entire Mexicali Note.

2.4.2. To exercise the Exchange Right, Conexant must deliver to Alpha an Exchange Notice substantially in the form annexed as Exhibit F, appropriately completed in conformity herewith:

2.4.2.1. The Exchange Notice shall state the date on which the Mexicali Note will be exchanged for the Alpha Exchange Note (the "EXCHANGE

DATE"). The Exchange Date must be a Business Day which is not less than two (2) Business Days after the date the Exchange Notice is given by Conexant.

2.4.2.2. The Exchange Notice shall be signed by an executive officer of Conexant and delivered to Alpha in accordance with Section 9.1(a).

2.4.2.3. In the Exchange Notice, Conexant shall either (a) certify that it has entered into a binding contract to sell, assign, pledge, hypothecate, securitize, monetize, grant one or more participations or sub-participations in, enter into one or more swap agreements or other derivative transactions in respect of or otherwise transfer ("TRANSFER") a portion or all of its right, title or interest in, to or under the Alpha Notes and the other Financing Documents or (b) request Alpha's consent to the exercise of the Exchange Right.

2.4.2.4. Alpha shall promptly, and in any event within two (2) Business Days, either grant or deny any request made by Conexant pursuant to Section 2.4.2.3 (b).

2.4.3. If the Exchange Right is exercised, on the Exchange Date the Mexicali Note and the Alpha Exchange Note shall be exchanged as follows:

2.4.3.1. Conexant shall deliver to Alpha, against receipt of the Alpha Exchange Note as provided in Section 2.4.3.2, the Mexicali Note, endorsed, without recourse, to Alpha. Such transfer shall be made without representation or warranties of any kind by Conexant except those set forth in Section 3-417(3) of the UCC. Conexant shall also deliver to Alpha evidence reasonably satisfactory to Alpha that the Transfer will be consummated promptly after the Exchange.

2.4.3.2. Alpha shall issue and deliver to Conexant, against receipt of the Mexicali Note as provided in Section 2.4.3.1, the Alpha Exchange Note, issued in a principal amount equal to the outstanding principal amount of the Mexicali Note on the Exchange Date, dated the Exchange Date, and signed on behalf of Alpha by a duly authorized officer of Alpha.

2.4.4. If the Exchange Right is exercised, Mexicali, Alpha and Conexant hereby agree that, effective immediately upon the consummation of the exchange pursuant to Section 2.4.3, the Mexicali Note shall either be:

2.4.4.1. contributed by Alpha to the capital of Mexicali, in which case (1) Alpha shall, on the Exchange Date, deliver the Mexicali Note to

Mexicali, endorsed by Alpha as "paid in full and canceled" and (2) Mexicali shall deliver to Alpha (with a copy to Conexant) an acknowledgment of such capital contributions; or

2.4.4.2. exchanged for cash and/or in cancellation of inter-company indebtedness between Alpha and Mexicali and/or a new promissory note issued by Mexicali which shall be subordinated and junior in right of payment to the prior payment in full of all Obligations on the terms satisfactory to Conexant in its sole discretion, which terms will be incorporated into any promissory note issued by Mexicali, effective as of the Exchange Date, as fully as if set forth herein and therein.

2.4.5. If the Exchange Right is exercised, Alpha shall on the Exchange Date, immediately after the consummation of the exchange pursuant to Section 2.4.3, deliver to Conexant any note issued pursuant to Section 2.4.4.2, accompanied by an assignment duly endorsed in blank by Alpha, to be held as Collateral securing the payment and performance of the Obligations in accordance with the provisions of this Agreement.

2.4.6. Mexicali shall promptly, and in no event later than five Business Days after the Exchange Date, file, individually or jointly with Conexant as required by Mexican law, at the Public Registry of Property and Commerce (Registro Publico de la Propiedad y de Comercio) of the city of Mexicali, State of Baja California, Mexico, an annotation on the records relating to the Mexican Mortgage deed and such other instruments and documents as Conexant may reasonably request to assure that the security interest and mortgage Lien of the Mexican Mortgage secures the Alpha Exchange Note and that such security interest and mortgage Lien is a legal, valid, binding, enforceable and fully perfected, first-priority security interest and mortgage Lien, subject only to Permitted Liens. Mexicali, Alpha and the Obligors shall execute and deliver such documents, including, without limitation, amendments to the U.S. Mortgages, and updates to any title insurance policy delivered to Alpha on the Closing Date in respect of Trans-Tech's property in Frederick, Maryland, as Conexant may reasonably request to assure that the security interest and mortgage Lien of the U.S. Mortgages secures the Alpha Exchange Note and that such security interest and mortgage Lien is a legal, valid, binding, enforceable and fully perfected, first-priority security interest and mortgage Lien.

2.4.7. Alpha shall pay or reimburse Conexant for all fees, costs, and expenses associated with the filings referred to in Section 2.4.7, including all mortgage, notary, documentary, stamp or other filing or recording fees or taxes related thereto, title insurance premiums in respect of Trans-Tech's property in Frederick, Maryland and reasonable attorney fees and expenses related thereto, within 10

Business Days after Conexant's request therefor and delivery to Alpha of an invoice, statement of account or other appropriate documentation.

2.4.8. The Alpha Exchange Note shall be an Alpha Obligation from and after the time it is issued and delivered as herein provided. Mexicali's obligations under this Section 2.4 shall be Mexicali Obligations.

2.5. PAYMENTS AND PREPAYMENTS.

2.5.1. ADDRESS FOR PAYMENT. Payments of both principal and interest on Revolving Loans and Acquisition Notes shall be made by wire transfer, in lawful money of the United States of America in immediately available funds, to the account of Conexant at Comerica Bank, Detroit, Michigan, ABA #072000096, Account Number 1850967629 (or at any other place in the United States of America previously designated by Conexant at least ten (10) Business Days before the given payment date), not later than 11:00 a.m. (Pacific time).

2.5.2. PAYMENTS ON A BUSINESS DAY. If any payment on any Revolving Loan or Acquisition Note becomes due and payable on a Saturday, Sunday or other day on which commercial banks in Michigan are authorized or required by law to close, the date for payment thereof shall be extended to the next succeeding business day. Interest on the outstanding principal amount of any Revolving Loan or Acquisition Note shall accrue during such extension at the then Applicable Rate.

## SECTION 3

## GUARANTIES

3.1. ALPHA GUARANTY. Alpha hereby unconditionally and irrevocably guaranties, as primary obligor and not merely as a surety, (x) the due and punctual payment and performance, as and when due, of all Mexicali Obligations and (y) the payment of all Mexicali Obligations, whether or not due and payable by Mexicali, upon the occurrence of any Bankruptcy Event in respect of Mexicali, such amount to be paid on demand.

3.2. ALPHA SUBSIDIARY GUARANTY. Each Alpha Subsidiary, jointly and severally with each other Alpha Subsidiary, hereby unconditionally and irrevocably guaranties, as primary obligor and not merely as a surety, (x) the due and punctual payment and performance, as and when due, of all Mexicali Obligations and Alpha Obligations and (y) the payment of all Mexicali Obligations and Alpha Obligations, whether or not due and payable by Mexicali or Alpha, upon the occurrence of any Bankruptcy Event in respect of Mexicali or Alpha, such amount to be paid on demand.

3.2.1. LIMITATION ON ALPHA SUBSIDIARY GUARANTY. Anything contained in Section 3.2 to the contrary notwithstanding, the obligations of each Alpha Subsidiary hereunder shall be limited to a maximum aggregate amount equal to the greatest amount that would not render such Alpha Subsidiary's obligations hereunder (x) unlawful under any applicable foreign law or (y) subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Code or any provisions of applicable state law or similar laws of other jurisdictions (collectively, the "FRAUDULENT TRANSFER LAWS"), in each case after giving effect to all other liabilities of such Alpha Subsidiary, contingent or otherwise, that are relevant under the Fraudulent Transfer Laws (specifically excluding, however, in the case of any Alpha Subsidiary organized under the laws of any state, any liabilities of such Alpha Subsidiary (a) in respect of intercompany indebtedness to Alpha or Affiliates of Alpha to the extent that such indebtedness would be discharged in an amount equal to the amount paid by such Alpha Subsidiary hereunder and (b) under any guaranty of senior unsecured indebtedness or indebtedness subordinated in right of payment to the Obligations guarantied hereunder which guaranty contains a limitation as to maximum amount similar to that set forth in this Section, pursuant to which the liability of such Alpha Subsidiary hereunder is included in the liabilities taken into account in determining such maximum amount) and after giving effect as assets to the value (as determined under the applicable provisions of the Fraudulent Transfer Laws) of any rights to subrogation, contribution, reimbursement, indemnity or similar rights of such Alpha Subsidiary pursuant to (i) applicable law, (ii) Section 3.2.2 or (iii) any other agreement providing for an equitable allocation among such Alpha Subsidiary and other Affiliates of Alpha of obligations arising under guaranties by such parties.

3.2.2. CONTRIBUTION. Each Alpha Subsidiary (a "CONTRIBUTING GUARANTOR") agrees, subject to the other provisions in this Section, that, in the event a payment shall be made by any other Alpha Subsidiary hereunder or assets of any other Alpha Subsidiary shall be sold pursuant to any Security Document to satisfy a claim of Conexant hereunder and such other Alpha Subsidiary (a "CLAIMING GUARANTOR") shall not have been fully indemnified by Alpha, to the extent permitted by applicable law, the Contributing Guarantor shall indemnify the Claiming Guarantor in an amount equal to the amount of such payment or the greater of the book value or the fair market value of such assets, as the case may be, in each case multiplied by a fraction of which the numerator shall be the net worth of the Contributing Guarantor on the Closing Date and the denominator shall be the net worth of all the Alpha Subsidiaries on the Closing Date (or, in the case of any person that becomes a Guarantor pursuant to Section 9.11 hereof, the date the Financing Agreement Supplement is executed). Notwithstanding the foregoing, all rights of the Alpha Subsidiaries under this Section 3.2.2 and all

other rights of indemnity, contribution and subrogation under applicable law or otherwise shall be fully subordinated to the indefeasible payment in full in cash of the Obligations. No failure on the part of any Alpha Subsidiary to make the payments required by this Section 3.2.2 (or any other payments required under applicable law or otherwise) shall in any respect limit the obligations and liabilities of any other Guarantor with respect to its obligations hereunder, and each Guarantor shall remain liable for the full amount of the obligations of such Guarantor hereunder.

3.2.3. INFORMATION. Each of the Alpha Subsidiaries assumes all responsibility for being and keeping itself informed of Alpha's and Mexicali's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Obligations guarantied hereunder and the nature, scope and extent of the risks that such Alpha Subsidiary assumes and incurs hereunder, and agrees that Conexant will have no duty to advise any Alpha Subsidiary of information known to it regarding such circumstances or risks.

3.3. EXPENSES. The Guarantors, jointly and severally, agree to pay all reasonable out-of-pocket costs and expenses of Conexant in connection with the enforcement of this Guaranty (including the reasonable fees and disbursements of outside counsel employed by Conexant).

3.4. GUARANTY OF PAYMENT. The Guarantors, jointly and severally, agree that this Guaranty constitutes a guaranty of payment when due and not of collection, and waive any right to require that any resort be had by Conexant to any of the Collateral or other security held for payment of the Obligations guarantied hereunder or to offset any credit on the books of Conexant in favor of any Guarantor or any other person.

3.5. UNCONDITIONAL GUARANTY. The liability of each Guarantor hereunder is primary, absolute and unconditional and is exclusive and independent of any security for, or other guaranty of, the indebtedness of Alpha or Mexicali whether executed by such Guarantor, any other Guarantor, any other guarantor or by any other person, and the liability of each Guarantor hereunder shall not be affected or impaired by any circumstance or occurrence whatsoever, including without limitation: (a) any direction as to application of payment by Alpha, Conexant or by any other person, (b) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or any other person as to the Obligations guarantied hereunder, (c) any payment on or in reduction of any such other guaranty or undertaking, (d) any payment made to Conexant on the Obligations guarantied hereunder which Conexant repays Alpha, Mexicali or any other Guarantor pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and each Guarantor waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding, (e) any action or inaction by Conexant as contemplated in Section 3.8 hereof or (f) any invalidity, irregularity or

unenforceability of all or any part of the Obligations guarantied hereunder or of any security therefor.

3.6. INDEPENDENT OBLIGATIONS. The obligations of each Guarantor hereunder are independent of the obligations of any other Guarantor, any other guarantor, Alpha or Mexicali, and a separate action or actions may be brought and prosecuted against each Guarantor whether or not action is brought against any other Guarantor, any other guarantor, Alpha or Mexicali and whether or not any other Guarantor, any other guarantor, Alpha or Mexicali is joined in any such action or actions.

3.7. WAIVER OF NOTICES. Each Guarantor hereby waives notice of acceptance of this Guaranty and notice of any liability to which it may apply, and waives promptness, diligence, presentment, demand of payment, protest, notice of dishonor or nonpayment of any such liabilities, suit or taking of other action by Conexant or against, and (to the maximum extent permitted by applicable law) any other notice to, any person liable thereon (including such Guarantor, any other Guarantor, any other guarantor, Alpha or Mexicali). This Guaranty is a continuing one and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon.

3.8. NO RELEASE OF GUARANTY. Conexant may at any time and from time to time without the consent of, or notice to, any Guarantor (except as shall be required by applicable law and cannot be waived), without incurring responsibility to such Guarantor, without impairing or releasing the obligations of such Guarantor hereunder, upon or without any terms or conditions and in whole or in part:

(i) change the manner, place or terms of payment of, and/or change or extend the time of payment of, renew, alter or increase, any of the Obligations guarantied hereunder (including any increase or decrease in the rate of interest thereon), any security therefor, or any liability incurred directly or indirectly in respect thereof, and the Guaranty herein made shall apply to the Obligations guarantied hereunder as so changed, extended, renewed, altered or increased;

(ii) take and hold security for the payment of the Obligations guarantied hereunder and sell, exchange, release, surrender, impair, realize upon or otherwise deal with in any manner and in any order any Collateral or other property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Obligations guarantied hereunder or any liabilities (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and/or any offset against such property;

(iii) exercise or refrain from exercising any rights against Alpha or Mexicali, any other Guarantor or other guarantors, or otherwise act or refrain from acting;

(iv) release or substitute any one or more endorsers, Guarantors, other guarantors, Alpha or other obligors or any Collateral or other security for the Obligations;

(v) settle or compromise any of the Obligations guarantied hereunder, any Collateral or other security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and may subordinate the payment of all or any part thereof to the payment of any liability (whether due or not) of Alpha or Mexicali to creditors of Alpha or Mexicali other than Conexant;

(vi) apply any sums by whomsoever paid or howsoever realized to any liability or liabilities of Alpha or Mexicali to Conexant regardless of what liabilities of Alpha or Mexicali remain unpaid;

(vii) consent to or waive any breach of, or any act, omission or default under, any of the Financing Documents or any of the instruments or agreements referred to therein, or otherwise amend, modify or supplement any of the Financing Documents or any of such other instruments or agreements;

(viii) act or fail to act in any manner referred to in this Guaranty which may deprive such Guarantor of its right to subrogation against Alpha or Mexicali to recover full indemnity for any payments made pursuant to this Guaranty; and/or

(ix) take any other action which would, under otherwise applicable principles of common law, give rise to a legal or equitable discharge of such Guarantor from its liabilities under this Guaranty.

3.9. SUBORDINATION AND SUBROGATION. Upon payment by any Guarantor of any sums to Conexant as provided above, all rights of such Guarantor arising as a result thereof by way of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior payment in full in cash of all the Obligations. In addition, any indebtedness of Alpha or Mexicali or any other Guarantor now or hereafter held by any Guarantor is hereby subordinated in right of payment to the prior payment in full of the Obligations. If any amount shall erroneously be paid to any Guarantor on account of (i) such subrogation, contribution, reimbursement, indemnity or similar right or (ii) any such indebtedness of Alpha or Mexicali or any Guarantor, and if an Event of Default shall have occurred and be continuing, such amount shall be paid to Conexant to be credited against the payment of the Obligations guarantied hereunder. After the occurrence and during the continuance of an Event of Default, if so requested by Conexant, any indebtedness of Alpha or Mexicali or another Guarantor held by any Guarantor shall be collected, enforced and received by such Guarantor as trustee for Conexant and be paid over to Conexant on

account of the Obligations guarantied hereunder, but without affecting or impairing in any manner the liability of any Guarantor under the other provisions of this Guaranty. Each Guarantor hereby agrees that it will not exercise any right of subrogation, contribution, reimbursement, or indemnity which it may at any time have as a result of this Guaranty (whether contractual, under Section 509 of the Bankruptcy Code or otherwise) until all Obligations guarantied hereunder have been paid in full in cash.

3.10. CERTAIN ACTIONS WAIVED. Each Guarantor waives any right (except as shall be required by applicable law and cannot be waived) to require Conexant to: (i) proceed against Alpha, Mexicali or any other Guarantor, any other guarantor of the Obligations guarantied hereunder or any other person; (ii) proceed against or exhaust any Collateral or any other security held from Alpha, Mexicali, any other Guarantor, any other guarantor of the Obligations guarantied hereunder or any other person; or (iii) pursue any other remedy in Conexant's power whatsoever. Each Guarantor waives any defense based on or arising out of any defense of Alpha, Mexicali or any other Guarantor, any other guarantor of the Obligations guarantied hereunder or any other person other than payment in full in cash of the Obligations guarantied hereunder, including, without limitation, any defense based on or arising out of the disability of Alpha, Mexicali or any other Guarantor, any other guarantor of the Obligations guarantied hereunder or any other person, any stay or defense to payment arising out of any Bankruptcy Event relating to Alpha, Mexicali or any other Guarantor, any other guarantor of the Obligations guarantied hereunder or the unenforceability of the Obligations guarantied hereunder or any part thereof from any cause, or the cessation from any cause of the liability of Alpha, Mexicali or any other Guarantor, any other guarantor of the Obligations guarantied hereunder or any other person, other than payment in full in cash of the Obligations guarantied hereunder. Conexant may, at its election, foreclose on any collateral or any other security held by Conexant by one or more judicial or non-judicial sales (to the extent such sale is permitted by applicable law), or exercise any other right or remedy Conexant may have against Alpha, Mexicali or any other person, or any Collateral or other security, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Obligations guarantied hereunder have been paid in full in cash. Each Guarantor waives any defense arising out of any such election by Conexant, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of such Guarantor against Alpha, Mexicali or any other person or any Collateral or other security for the Obligations.

3.11. CALIFORNIA REAL PROPERTY WAIVERS. Each Guarantor hereby acknowledges and affirms that it understands that to the extent that Obligations guarantied hereunder are secured by real property located in the State of California, such Guarantor shall be liable for the full amount of its liability hereunder except to the extent that the Obligations have been paid in full in cash, whether pursuant to a foreclosure on such real property by trustee sale or by Conexant's action against Alpha, any Guarantor, or any other guarantor

of the Obligations guarantied hereunder. In accordance with Section 2856 of the California Civil Code, each Guarantor hereby waives:

(a) all rights of subrogation, reimbursement, indemnification, and contribution and any other rights and defenses that are or may become available to such Guarantor by reason of Sections 2787 to 2855, inclusive, 2899 and 3433 of the California Civil Code;

(b) all rights and defenses that such Guarantor may have because the Obligations guarantied hereunder are secured by real property located in the State of California. This means, among other things: (A) Conexant may collect from such Guarantors without first foreclosing on any real or personal property collateral pledged by Alpha or any other Obligor; and (B) if Conexant forecloses on any real property collateral pledged by Alpha or any other Obligor, (1) the amount of the Obligations guarantied hereunder may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price, and (2) Conexant may collect from such Guarantor even if Conexant, by foreclosing on the real property collateral, has destroyed any right such Guarantor may have to collect from Alpha. This is an unconditional and irrevocable waiver of any rights and defenses such Guarantor may have because the Obligations guarantied hereunder are secured by real property located in the State of California. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d or 726 of the California Code of Civil Procedure; and

(c) all rights and defenses arising out of an election of remedies by Conexant, even though that election of remedies, such as a non-judicial foreclosure with respect to security for the Obligations guarantied hereunder, has destroyed such Guarantor's rights of subrogation and reimbursement against Alpha by the operation of Section 580d of the California Code of Civil Procedure or otherwise.

Each Guarantor warrants and agrees that each of the waivers set forth above is made with full knowledge of its significance and consequences and that if any of such waivers are determined to be contrary to any applicable law or public policy, such waivers shall be effective only to the maximum extent permitted by law.

3.12. REINSTATEMENT. Each Guarantor agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Obligations guarantied hereunder is rescinded or must otherwise be restored by Conexant upon the insolvency, bankruptcy or reorganization of Alpha or any other Guarantor or otherwise, as though such payment had not been made.

SECTION 4

SECURITY INTERESTS

4.1. GRANT OF SECURITY INTEREST. As security for the prompt and complete payment and performance when due of all Obligations, each Obligor hereby assigns, transfers, mortgages, hypothecates, pledges and grants a security interest to, and charges in favor of, Conexant in all Collateral in which such Obligor has any right, title or interest, whether now existing or hereafter acquired.

4.2. FILINGS. Each Obligor hereby authorizes Conexant to file such financing statements (including fixture filings), continuation statements or amendments of financing statements, each in form reasonably acceptable to Conexant, as Conexant may from time to time reasonably deem necessary to establish and maintain a valid, enforceable, first-priority, perfected security interest in the Collateral, subject only to Permitted Liens, as provided herein and in the other Security Documents, and the other rights and security contemplated hereby and thereby, all in accordance with the UCC as enacted in any and all relevant jurisdictions, or any other relevant law. Such financing statements may describe the Collateral in the same manner as described in this Agreement or may contain a indication or description of collateral that describes such property in any other manner as Conexant may determine, in its sole discretion, is necessary, advisable or prudent to ensure the perfection of the security interest in the collateral granted to Conexant in connection herewith, including, without limitation, describing such property as "all assets" or "all personal property", whether now existing or hereafter acquired. Each such Obligor hereby authorizes Conexant to file any such financing statements without the signature of the Obligor where permitted by law. Conexant is hereby authorized to make filings with the United States Patent and Trademark Office or the United States Copyright Office (or any successor office or central registry), filings with mortgage recording offices and filings with such other governmental authorities as Conexant may consider reasonably necessary or appropriate for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interests and Liens granted by each Obligor. Each Obligor agrees to execute, deliver and record or file, as appropriate, all such mortgages, agreements, notices or other instruments as Conexant may from time to time reasonably request and which are reasonably necessary to establish, maintain, preserve, perfect or protect a first-priority, perfected Lien on any Collateral outside the United States or in which Conexant otherwise does not have a fully perfected, first-priority Lien at any time, subject to Permitted Liens.

4.3. POWER OF ATTORNEY. Each Obligor hereby constitutes and appoints Conexant its true and lawful attorney, irrevocably, with full power after the occurrence of and during the continuance of an Event of Default (in the name of the Obligor or otherwise) (i) to

act, require, demand, receive, compound and give acquittance for any and all moneys and claims for moneys due or to become due to such Obligor under or arising out of the Collateral, (ii) to endorse any checks or other instruments or orders in connection therewith, (iii) to sign in the name of any Obligor and record any document which may be required by the United States Patent and Trademark Office or the United States Copyright Office in order to effect an absolute assignment of all right, title and interest in each Trademark, Patent and Copyright in which Conexant has been granted a security interest hereunder, (iv) to file any claims or take any action or institute any proceedings which Conexant may reasonably deem to be necessary or advisable to protect or enforce its security interest in the Collateral and (v) to execute, deliver, record or file any other document or instrument and take such other actions as it considers appropriate in connection with the perfection, protection or enforcement of its security interest in the Collateral, the possession, maintenance, preparation for sale, foreclosure, sale, lease, exchange or other disposition or release of any Collateral or the exercise of any rights or remedies provided in this Agreement or the other Financing Documents, which appointment as attorney is coupled with an interest.

4.4. DELIVERY OF COLLATERAL. Each Obligor agrees promptly to deliver or cause to be delivered to Conexant any and all certificated securities, notes, negotiable documents, chattel paper or instruments representing Collateral, accompanied by assignments or powers duly executed in blank or other instruments of transfer reasonably satisfactory to Conexant for such Collateral as Conexant may reasonably request.

4.5. FURTHER ACTIONS. Each Obligor will promptly notify Conexant of any property of the type referred to in Section 5.2.1 which is acquired by such Obligor after the Closing Date, which has a fair market value or acquisition price, individually of not more than $100,000, and in the aggregate with any such other property acquired after the Closing Date and not the subject of a prior notification to Conexant under this Section of $500,000 and in the case of any such after-acquired property which is also referred to in Section 5.2.2, the information concerning such property set forth in Section 5.2.2. Each Obligor will, at its own expense and upon the reasonable written request of Conexant, make, execute, endorse, acknowledge, file and/or deliver to Conexant from time to time such lists, descriptions and designations of its Collateral, warehouse receipts, receipts in the nature of warehouse receipts, bills of lading, documents of title, vouchers, invoices, schedules, confirmatory assignments, conveyances, financing statements, transfer endorsements, certificates, reports and other assurances or instruments and take such further steps relating to the Collateral and other property or rights covered by the security interest hereby granted, which Conexant deems reasonably appropriate or advisable to preserve, protect or perfect its security interest in the Collateral, whether or not such security interest is perfected on the Closing Date.

4.6. NO ASSUMPTION OF LIABILITY. The security interests hereunder are granted as security only and shall not subject Conexant to, or in any way alter or modify, any

obligation or liability of any Obligor with respect to or arising out of the Collateral. Each Obligor shall remain liable to observe and perform all the conditions and obligations to be observed and performed by it under any indenture, contract, lease, agreement or instrument that is or relates to Collateral, all in accordance with the terms thereof, and each Obligor, jointly and severally, agrees to indemnify and hold harmless Conexant from and against any and all liability for such performance.

4.7. CHANGE OF NAME OR JURISDICTION. Each Obligor agrees promptly to notify Conexant in writing of any change in (i) its name, (ii) the jurisdiction where it is organized, (iii) the nature of its corporate, partnership, limited liability company or other legal structure, or (iv) its federal taxpayer identification number. Each Obligor agrees not to effect or permit any change referred to in the preceding sentence unless all filings have been made under the UCC or otherwise that are required in order for Conexant to continue at all times following such change to have a valid, legal and perfected interest in the Collateral having the same priority as it held prior to such change.

4.8. COLLATERAL RECORDS. Each Obligor agrees to maintain, at its own cost and expense, such complete and accurate records with respect to the Collateral owned by it as is consistent with its current practices, but in any event to include accounting records that are complete and accurate in all material respects and indicate all payments and proceeds received with respect to any part of the Collateral, and, at such time or times as Conexant may reasonably request, promptly to prepare and deliver to Conexant a duly certified schedule or schedules in form and detail reasonably satisfactory to Conexant showing the identity, amount and location of any and all Collateral.

4.9. INSPECTION AND VERIFICATION. Each Obligor will permit Conexant, by its respective representatives and agents to inspect, during normal business hours and on reasonable notice (but, unless a Default or Event of Default has occurred and is continuing, no more frequently than once every three months), the Collateral, all records related thereto (and to make extracts and copies from such records) and the premises upon which any of the Collateral is located, to discuss the Obligor's affairs with the officers of such Obligor and to verify under reasonable procedures the validity, amount, quality, quantity, value, condition and status of, or any other matter relating to, the Collateral.

4.10. TAXES; LIENS. At its option at any time after ten (10) days' notice to the applicable Obligor (or, to the extent Conexant deems it reasonably necessary to act prior to the end of such ten (10) day notice period in order to preserve the Collateral or the security interest created therein, any shorter notice period), Conexant may discharge past due taxes, assessments, charges, fees or any Liens (other than Permitted Liens) at any time levied or placed on the Collateral and may pay for maintenance and preservation of the Collateral to the extent any Obligor fails to do so as required by this Agreement, and each Obligor jointly and severally agrees to reimburse Conexant on demand for any

payment made or expense incurred by Conexant pursuant to this Section; provided, however, that nothing in this Section shall be interpreted as excusing any Obligor from the performance of, or imposing any obligation on Conexant to cure or perform, any covenants or other promises of any Obligor with respect to taxes, assessments, charges, fees or Liens as set forth herein.

4.11. PROTECTION OF SECURITY. Each Obligor will do nothing to impair the rights of Conexant in the Collateral. Each Obligor shall, at its own cost and expense, take any and all commercially reasonable actions necessary to defend its title to the Collateral against all persons and to defend the security interest of Conexant granted hereby, and the priority thereof, against any Liens (other than Permitted Liens).

4.12. USE AND DISPOSITION OF COLLATERAL. None of the Obligors shall make or permit to be made an assignment, pledge, mortgage, charge or hypothecation of the Collateral or shall grant any other Lien (other than Permitted Liens) in respect of the Collateral. None of the Obligors shall make or permit to be made any transfer of the Collateral to any third party other than as permitted by this Agreement. Each Obligor shall remain at all times in possession or control of the Collateral owned by it, except as otherwise permitted by this Agreement. Unless and until Conexant shall notify the Obligors that an Event of Default shall have occurred and be continuing and that during the continuance thereof the Obligors shall not sell, convey, lease, assign, transfer or otherwise dispose of any Collateral other than inventory in the ordinary course of business (which notice may be given by telephone if promptly confirmed in writing), the Obligors may use and dispose of the Collateral in any lawful manner that is consistent with the provisions of this Agreement and the other Financing Documents. Each Obligor agrees that it shall not permit any Inventory to be in the possession or control of any warehouseman, bailee, agent or processor located in the United States at any time unless such warehouseman, bailee, agent or processor shall have been notified of the security interest granted hereby and such Obligor shall have taken all commercially reasonable steps necessary to obtain the agreement from such warehouseman, bailee, agent or processor in writing to hold the Inventory subject to the security interest granted hereby and the instruction of Conexant and to waive and release any Lien held by it with respect to such Inventory, whether arising by operation of law or otherwise.

4.13. LIMITATION OF MODIFICATION OF RECEIVABLES. None of the Obligors will, without Conexant's prior written consent, which consent shall not be unreasonably withheld, grant any extension of time of payment of any of the Receivables, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partly, any person liable for the payment thereof or allow any credit or discount whatsoever thereon, other than extensions, credits, discounts, compromises or settlements granted or made in the ordinary course of business in accordance with such commercially prudent and standard practices used in industries that are the same as or similar to those in which such Obligor is engaged.

4.14. COVENANTS REGARDING PATENTS, TRADEMARKS AND COPYRIGHTS.

4.14.1. Each Obligor agrees that it will not, nor will it knowingly permit any of its licensees to, do any act, or omit to do any act, whereby any Patent which is material to the conduct of such Obligor's business may become transferred, invalidated or dedicated to the public, and agrees that it shall continue to mark all products covered by any claim of a Patent that is material to the conduct of such Obligor's business with the relevant patent number as necessary and sufficient to establish and preserve its rights under applicable patent laws consistent with such commercially prudent and standard practices used in industries that are the same or similar to those in which such Obligor is engaged.

4.14.2. Each Obligor will, and will ensure that its licensees and sublicensees will, for each Trademark held in the name of such Obligor that is material to the conduct of such Obligor's business, (i) maintain such Trademark in full force free from any claim of abandonment or invalidity for non-use, (ii) monitor and uphold the quality of goods and services marked or provided with the Trademarks, and (iii) display such Trademark in commerce with a "(TM)", "SM" or notice of Federal registration, as the case may be.

4.14.3. Each Obligor will, and will ensure that its licensees will, for each work covered by a Copyright that is material to the conduct of such Obligor's business, publish, reproduce, display, adopt and distribute the work with appropriate copyright notice as necessary and sufficient to establish and preserve its rights under applicable copyright laws in accordance with such commercially prudent and standard practices used in industries that are the same or similar to those in which such Obligor is engaged.

4.14.4. Each Obligor shall notify Conexant promptly in writing if it knows or has reason to know that any Patent, Trademark or Copyright held in the name of such Obligor that is material to the conduct of its business may become abandoned, invalidated or rendered unenforceable, assigned in whole or in part, or dedicated to the public (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or the United States Copyright Office) regarding such Obligor's ownership of such material Patent, Trademark or Copyright, its right to register the same, or to maintain the same.

4.14.5. Each Obligor will take all commercially reasonable necessary steps in any proceeding before the United States Patent and Trademark Office or the United States Copyright Office or any office or agency in any political subdivision of the United States, to maintain and pursue each application relating to any Patent, Trademark or Copyright that is material to the conduct of such Obligor's business (and to obtain the granting or registration of such Patents, Trademarks and/or Copyrights, as applicable) and to maintain each issued Patent and each registration of Trademarks and Copyrights that is held in the name of such Obligor and is material to the conduct of such Obligor's business,

including timely filings of applications for renewal, affidavits of use, affidavits of incontestability and payment of maintenance fees, and such other actions, in each case, consistent with such commercially prudent and standard practices used in industries that are the same or similar to those in which such Obligor is engaged.

4.14.6. Within thirty (30) days of the acquisition or issuance of any Patent, registered Copyright or registered Trademark or the filing of an application for registration of a Patent, Trademark, or Copyright, the relevant Obligor shall, at its own expense, deliver to Conexant a copy of the Copyright, certificate or registration of, or evidence of the application for, such Patent, Trademark or Copyright, as the case may be, together with a duly executed assignment for security as to such Patent, Trademark, or Copyright, as the case may be, in form and substance reasonably satisfactory to Conexant.

4.14.7. In the event that any Obligor has reason to believe that any Collateral consisting of a Patent, Trademark, Copyright or trade secret held in the name of such Obligor and material to the conduct of such Obligor's business has been or is about to be infringed, misappropriated or diluted by a third party, such Obligor promptly shall notify Conexant in writing (where such infringement, misappropriation or dilution is reasonably likely to have a Material Adverse Effect) and shall take such actions as such Obligor deems appropriate under the circumstances to enjoin and/or seek redress for such infringement, misappropriation or dilution and protect such Collateral in accordance with such commercially prudent and standard practices used in industries that are the same as or similar to those in which such Obligor is engaged.

4.14.8. Upon and during the continuance of an Event of Default, each Obligor shall use all commercially reasonable efforts to obtain all requisite consents or approvals by the licensor of each Copyright, Patent or Trademark licensed to such Obligor by a third party to effect the assignment of all of such Obligor's right, title and interest thereunder to Conexant or its designee.

4.15. COVENANTS REGARDING PLEDGED SECURITIES.

4.15.1. VOTING RIGHTS, DIVIDENDS AND INTEREST; NO DEFAULT. Unless and until an Event of Default shall have occurred and be continuing:

(1) Each Obligor shall be entitled to exercise any and all voting and/or other consensual rights and powers inuring to an owner of Pledged

Securities or any part thereof for any purpose; provided, however, that such Obligor will not be entitled to exercise any such right if the result thereof could reasonably be expected to materially and adversely affect the rights inuring to a holder of the Pledged Securities or the rights and remedies of Conexant under this Agreement or any other Financing Document or the ability of Conexant to exercise the same; provided, further, that the voting by an Obligor of Pledged Securities for, or the Obligor's consent to, (x) the election of directors at regularly scheduled annual or other meetings of stockholders (or any adjournment thereof) or (y) any action otherwise permitted by this Agreement or any other Financing Document shall not be deemed to materially and adversely affect the rights and remedies of Conexant under this Agreement or any other Financing Document or the ability of Conexant to exercise the same.

(2) Each Obligor shall be entitled to receive and retain any and all cash dividends, distributions, interest and principal paid on the Pledged Securities to the extent and only to the extent that such cash dividends, distributions, interest and principal are permitted by the terms and conditions of this Agreement and the other Financing Documents and applicable laws. All noncash dividends, distributions, interest and principal, and all dividends, distributions, interest and principal paid or payable in cash or otherwise in connection with a partial or total liquidation or dissolution, return of capital, capital surplus or paid-in surplus, and all other distributions (other than distributions referred to in the preceding sentence) made on or in respect of the Pledged Securities, whether paid or payable in cash or otherwise, whether resulting from a subdivision, combination or reclassification of the outstanding capital stock of the issuer of any Pledged Securities or received in exchange for Pledged Securities or any part thereof, or in redemption thereof, or as a result of any merger, consolidation, acquisition or other exchange of assets to which such issuer may be a party or otherwise, shall be and become part of the Collateral, and, if received by any Obligor, shall not be commingled by such Obligor with any of its other funds or property but shall be held separate and apart therefrom, shall be held in trust for the benefit of Conexant and shall be forthwith delivered to Conexant in the same form as so received (with any necessary endorsement).

(3) Conexant shall execute and deliver to each Obligor, or cause to be executed and delivered to each Obligor, all such proxies, powers of attorney and other instruments as such Obligor may reasonably request for the purpose of enabling such Obligor to exercise the voting and/or consensual rights and powers it is entitled to exercise pursuant to subparagraph (1) above and to receive the cash dividends it is entitled to receive pursuant to

subparagraph (2) above.

4.15.2. VOTING RIGHTS, DIVIDENDS, AND INTEREST; AFTER DEFAULT. Upon the occurrence and during the continuance of an Event of Default:

(1) All rights of any Obligor to dividends, distributions, interest or principal that such Obligor is authorized to receive pursuant to Section 4.15.1 above shall cease, and all such rights shall thereupon become vested in Conexant, which shall have the sole and exclusive right and authority to receive and retain such dividends, distributions, interest or principal. All dividends, distributions, interest or principal received by such Obligor contrary to the provisions of this Section shall be held in trust for the benefit of Conexant, shall be segregated from other property or funds of such Obligor and shall be forthwith delivered to Conexant upon demand in the same form as so received (with any necessary endorsement). Any and all money and other property paid over to or received by Conexant pursuant to the provisions of this Section shall be retained by Conexant in an account to be established by Conexant upon receipt of such money or other property and shall be applied in accordance with the provisions of Section 6.

(2) All rights of any Obligor to exercise the voting and consensual rights and powers it is entitled to exercise pursuant to Section 4.15.1 shall cease, and all such rights shall thereupon become vested in Conexant, which shall have the sole and exclusive right and authority to exercise such voting and consensual rights and powers; provided that Conexant shall have the right from time to time following and during the continuance of an Event of Default to permit the Obligors to exercise such rights.

(3) Conexant shall have the right (in its sole and absolute discretion) (i) to hold the Pledged Securities in its own name as pledgee, the name of its nominee (as pledgee or as sub-agent), or the name of the Obligors, endorsed or assigned in blank in favor of Conexant and (ii) to exchange the certificates representing Pledged Securities for certificates of smaller or larger denominations for any purpose consistent with this Agreement.

4.15.3. NOTICES. Each Obligor will promptly provide to Conexant copies of any notices or other communications received by it with respect to the Pledged Securities registered in the name of such Obligor.

4.15.4. SECURITIES ACT, ETC. In view of the position of the Obligors in relation to the Pledged Securities, or because of other current or future circumstances, a question may arise under the Securities Act of 1933, as now or hereafter in effect, or any similar statute in any other jurisdiction or hereafter enacted analogous in purpose or effect (such Act and any such similar statute as from time to time in effect being called the "SECURITIES LAWS") with respect to any disposition of the Pledged Securities permitted hereunder. Each Obligor understands that compliance with the Securities Laws might very strictly limit the course of conduct of Conexant if Conexant were to attempt to dispose of all or any part of the Pledged Securities, and might also limit the extent to which or the manner in which any subsequent transferee of any Pledged Securities could dispose of the same. Similarly, there may be other legal restrictions or limitations affecting Conexant in any attempt to dispose of all or part of the Pledged Securities under applicable blue sky or other state securities laws or similar laws analogous in purpose or effect. Each Obligor recognizes that in light of such restrictions and limitations Conexant may, with respect to any sale of the Pledged Securities, limit the purchasers to those who will agree, among other things, to acquire such Pledged Securities for their own account, for investment, and not with a view to the distribution or resale thereof. Each Obligor acknowledges and agrees that in light of such restrictions and limitations, Conexant, in its sole and absolute discretion, (a) may proceed to make such a sale whether or not a registration statement for the purpose of registering such Pledged Securities or part thereof shall have been filed under the Securities Laws and (b) may approach and negotiate with a single potential purchaser or a limited number of potential purchasers to effect such sale. Each Obligor acknowledges and agrees that any such sale might result in prices and other terms less favorable to the seller than if such sale were a public sale without such restrictions. In the event of any such sales, Conexant shall incur no responsibility or liability for selling all or any part of the Pledged Securities at a price that Conexant, in its sole and absolute discretion, may in good faith deem reasonable under the circumstances, notwithstanding the possibility that a substantially higher price might have been realized if the sale were deferred until after registration under the Securities Laws or if more than a single purchaser or a limited number of purchasers were approached. The provisions of this Section will apply notwithstanding the existence of a public or private market upon which the quotations or sales prices may exceed substantially the price at which Conexant sells.

4.16. COVENANTS REGARDING INSURANCE.

4.16.1. PROPERTY AND CASUALTY ENDORSEMENTS. Each Obligor shall cause all of its property and casualty policies (i) to be endorsed or otherwise amended to include a "standard" or "New York" lender's loss payable endorsement, in form and substance reasonably satisfactory to Conexant, which endorsement shall

provide that if the insurance carrier shall have received a written notice from Conexant of the occurrence of an Event of Default, the insurance carrier shall pay all proceeds otherwise payable to any Obligor under such policies directly to Conexant and (ii) to contain a "Replacement Cost Endorsement", without any deduction for depreciation, and such other provisions as Conexant may reasonably require from time to time to protect its interests.

4.16.2. GENERAL LIABILITY ENDORSEMENTS. Each Obligor shall cause all of its general liability policies to be endorsed or otherwise amended to list Conexant as an "Additional Insured", in form and substance reasonably satisfactory to Conexant.

4.16.3. MAINTENANCE OF INSURANCE. Each Obligor shall maintain with financially sound and responsible insurance companies, (x) replacement value property and casualty insurance covering its assets and (y) such other insurance in at least such amounts, against at least such risks and with no greater risk retention as are usually maintained, insured against or retained, as the case may be, by companies of established repute engaged in the same or a similar business; and will furnish to Conexant, upon request, information presented in reasonable detail as to the insurance so carried. Promptly as practicable following any request therefor by Conexant, Alpha shall furnish to Conexant copies of all policies of insurance covering any Obligor.

4.16.4. CHANGES IN INSURANCE. No Obligor shall cancel, modify (except to the extent not materially adverse to Conexant) or not renew for any reason any property or casualty policy or any general liability policy upon less than thirty (30) days' prior written notice thereof to Conexant. Each Obligor shall promptly deliver to Conexant, concurrent with or as reasonably practical thereafter, (i) evidence of the cancellation, modification or nonrenewal of any such policy and (ii) a copy of a renewal or replacement policy, together with evidence of payment of the premium therefor.

## SECTION 5

## REPRESENTATIONS AND WARRANTIES

To induce Conexant to enter into this Agreement, each of the Obligors, jointly and severally, makes the following representations and warranties as of the Closing Date, each and all of which shall survive the execution and delivery of this Agreement and all of the other Financing Documents, subject to Section 5.3:

5.1. GENERAL REPRESENTATIONS AND WARRANTIES.

5.1.1. ORGANIZATION. Except as set forth in Schedule 5.1.1(a), Alpha and each of its Subsidiaries is a corporation or organization duly incorporated or organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization. Schedule 5.1.1(b) is a complete and accurate list of all Subsidiaries of Alpha as of the Closing Date (after giving effect to the Merger and the Purchase Documents) and the jurisdiction of incorporation and organization of each such Subsidiary. Each of the Excluded Subsidiaries is inactive and does not engage in any business or operations. The value of the properties and assets of the Excluded Subsidiaries in the aggregate does not exceed $100,000.

5.1.2. CORPORATE POWER. Each of the Obligors has the requisite corporate or other similar power and authority (x) to execute, deliver and perform this Agreement and the other Financing Documents to which it is a party and (y) to own its properties and carry on its business as now conducted.

5.1.3. AUTHORIZATION; VALID AND BINDING AGREEMENT. All corporate action required to be taken by each of the Obligors and its respective officers, directors and stockholders for the authorization, execution, delivery and performance of this Agreement and the other Financing Documents to which it is a party have been taken and are in full force and effect. Each Person executing this Agreement or other Financing Documents on behalf of each of the Obligors is its authorized officer. This Agreement is, and each of the other Financing Documents executed pursuant hereto will be, legal, valid, and binding obligations of the Obligors parties thereto subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless whether considered in a proceeding in equity or at law.

5.1.4. NO CONFLICT; GOVERNMENT APPROVALS. The execution, delivery and performance by the Obligors of this Agreement and the other Financing Documents to which any Obligor is a party will not (i) conflict with, violate or result in the breach of any provision of any applicable law; or (ii) conflict with or result in the breach of any provision of their respective articles of incorporation, charters, by-laws or other organizational documents, except, in the case of clause (i), for such breaches as would not reasonably be expected to have a Material Adverse Effect. No authorization, consent or approval of, or other action by, and no notice of or filing with, any Governmental Authority is required to be obtained or made by any of the Obligors for the due execution, delivery and performance of this Agreement or the other Financing Documents to which any Obligor is a party, other than the filings contemplated by Section 4 of this Agreement.

5.1.5. THIRD PARTY CONSENTS. The execution, delivery and performance by each of the Obligors of this Agreement and the other Financing Documents to which any Obligor is a party will not:

(1) require any consent or approval of any person (other than a Governmental Authority) which has not been obtained prior to, and which is not in full force and effect as of, the Closing Date;

(2) result in the breach of, default under, or cause the acceleration of any obligation owed under any loan, credit agreement, note, security agreement, lease, indenture, mortgage, loan document, license or other agreement by which any of them are bound or affected; or

(3) result in, or require the creation or imposition of, any Lien on any of their respective properties, other than pursuant to this Agreement and the other Financing Documents;

except, in each case, for such consents, approvals, breaches, defaults, or accelerations as would not reasonably be expected to have a Material Adverse Effect.

5.1.6. NO EVENTS OF DEFAULT. No Default or Event of Default has occurred and is continuing.

5.1.7. SOLVENCY. Each of the Obligors is, and after giving effect to this Agreement will be, Solvent.

5.1.8. PRO FORMA FINANCIAL STATEMENTS. The unaudited, pro forma Skyworks Consolidated Balance Sheets and Cash Flow Statements for each of the fiscal quarters ended September 30, 2002 through June 30, 2003 set forth in Schedule 5.1.8 (the "FINANCIAL PROJECTIONS") have been prepared in good faith by Alpha, are based on assumptions which are believed to be reasonable and the best information available to Alpha as of the Closing Date. As of the Closing Date, Alpha believes that the Financial Projections are reasonable and attainable, subject to the qualification that projections as to future events are inherently uncertain and are subject to various contingencies (many of which are outside Alpha's control) and that the actual results during the periods covered by the Financial Projections may differ from the projected results and the differences may be material.

5.2. REPRESENTATIONS AND WARRANTIES CONCERNING COLLATERAL.

5.2.1. TYPES OF COLLATERAL. Set forth in Schedule 5.2.1 is a complete and accurate description of each Material Item of Collateral in which any Obligor has any right, title or interest on the Closing Date that is:

(1) Real Property, Fixtures or an interest therein located in the United States or Mexico;

(2) Deposit Accounts, Security Accounts or similar accounts maintained with financial institutions in the United States;

(3) Investment Property (other than Security Accounts), including Pledged Securities;

(4) Letter of Credit Rights held by or on behalf of any Obligor in the United States;

(5) Instruments held by or on behalf of any Obligor in the United States;

(6) Patents;

(7) registered Trademarks or applications for registration that have been filed in the United States Patent and Trademark Office; and

(8) registered Copyrights or applications for registration that have been filed in the United States Copyright Office.

5.2.2. LOCATION OF CERTAIN COLLATERAL. Set forth in Schedule 5.2.2 is a complete and accurate description for each Material Item of Collateral located in the United States (and in the case of clause (1) hereof, Mexico) in which any Obligor has any right, title or interest on the Closing Date, of:

(1) the location of any Real Property or Fixture in the United States or Mexico;

(2) the jurisdiction of any bank or other financial institution at which each Deposit Account or similar account is maintained, determined in accordance with Section 9-304 of the UCC;

(3) the jurisdiction in which any certificated security is located, the jurisdiction of the issuer of any uncertificated security, the jurisdiction of any securities intermediary at which any security entitlement or securities

account is held, and the jurisdiction of any commodity intermediary at which any commodity account or commodity contract is held, determined in each case in accordance with Section 9-305 of the UCC;

(4) the jurisdiction of the issuer or nominated person in respect of any Letter of Credit Rights, determined in accordance with Section 9-306 of the UCC; and

(5) the jurisdiction where any Instrument is located.

5.2.3. LOCATION OF OBLIGORS. Set forth in Schedule 5.2.3 is the location of each Obligor, determined in accordance with Section 9-307 of the UCC.

5.2.4. NO LIENS. Each Obligor has good title to all of its material properties and assets, subject only to Permitted Liens. None of the Collateral is subject to any Lien of any kind, other than Permitted Liens. As of the Closing Date, there is no financing statement (or similar statement or instrument under the laws of any jurisdiction in the United States) covering or purporting to cover any interest of any kind in the Collateral, other than financing statements filed pursuant to this Agreement or the other Security Documents or in respect of (i) Permitted Liens or financing statements for which proper termination statements have been delivered to Conexant for filing or (ii) other obligations which in the aggregate do not exceed $100,000.

5.2.5. SECURITY INTEREST. The provisions of this Agreement and the other Security Documents are effective to create in favor of Conexant a legal, valid and enforceable security interest in all of the Collateral of each Obligor, in each case to the extent that a security interest in the Collateral may be created under the UCC in any jurisdiction and, as the case may be, under the applicable Mexican laws in connection with the Mexican Security Documents.

5.2.6. FINANCING STATEMENTS. Upon timely filing of financing statements naming each Obligor as "debtor" and Conexant as "Secured Party" and describing the Collateral, in the jurisdictions set forth in Schedule 5.2.6, the security interest granted to Conexant hereunder will constitute a fully perfected, first priority security interest in all of the Collateral of each Obligor as to which a security interest may be perfected by filing of financing statements under the UCC in any jurisdiction, subject only to Permitted Liens and to the rights of Governmental Authorities with respect to receivables of such Governmental Authorities.

5.2.7. PATENTS AND TRADEMARKS. Upon timely recordation of the Security Interest in Trademarks and Patents in the United States Patent and Trademark Office, together with timely filing of financing statements in the jurisdictions set

forth in Schedule 5.2.7, Conexant will have a fully perfected, first priority security interest in all of the Collateral held in the name of each Obligor consisting of Patents and Trademarks registered with the United States Patent and Trademark Office, subject only to Permitted Liens.

5.2.8. INTELLECTUAL PROPERTY GENERALLY. To the knowledge of each Obligor, other than as set forth in Schedule 5.2.8: (i) no third party is infringing, misappropriating or diluting any material Patents, Trademarks, Copyrights, trade secrets, or other Intellectual Property, in each case held in the name of any Obligor; (ii) the validity, enforceability, registerability, inventorship or ownership of the material Patents, Trademarks, Copyrights or other Intellectual Property, in each case held in the name of any Obligor, is not being challenged; (iii) each Obligor has taken commercially reasonable measures to protect and preserve the security, confidentiality and value of the material Intellectual Property held in the name of such Obligor; (iv) no Obligor or any third party (where any Obligor is a licensee) is in default of any License relating to the use of any material Intellectual Property; (v) the Collateral or its use by each Obligor or their licensees or customers does not infringe, misappropriate or dilute any patents, trademarks, copyrights, trade secrets or other intellectual property rights of any third party and no such claim has been made or threatened by any third party against any Obligor with respect to such use; and (vi) all maintenance fees for the Patents and Trademarks have been paid through the Closing Date.

5.2.9. PLEDGED SECURITIES. So long as Conexant has possession of the Pledged Securities, it will have a fully perfected, first priority security interest in the Pledged Securities of the Domestic Subsidiaries and, provided the corporate recordings set forth in the Mexican Stock Pledge Agreement have been timely made, Mexicali. Except for the corporate recordings set forth in the Mexican Stock Pledge Agreement and the other actions set forth in Section 2.3.9.4, no filings or recordings are required to perfect (or maintain the perfection or priority of) the security interests created in the Pledged Securities of the Domestic Subsidiaries and Mexicali. Conexant will have a fully perfected pledge of the Pledged Securities of the Foreign Subsidiaries upon compliance by Alpha and such Foreign Subsidiaries with Section 2.3.9.

5.2.10. INVESTMENT PROPERTY. Upon execution and delivery of the Securities Account Control Agreements by each of the parties thereto, and assuming compliance by each securities intermediary or commodity intermediary which is a party thereto, Conexant will have (x) "control" within the meaning of Section 9-106 of the UCC of each account referred to in such agreements and all security entitlements or commodity contracts carried in such accounts and (y) a fully perfected, first priority security interest in each account referred to therein

and all Investment Property credited to any such account subject to such Securities Account Control Agreement.

5.2.11. DEPOSIT ACCOUNTS; BANK ACCOUNTS. Upon execution and delivery of the Bank Account Control Agreements by each of the parties thereto, and assuming compliance by each bank or depositary which is a party thereto, Conexant will have (x) "control" within the meaning of Section 9-104 of the UCC with respect to each Deposit Account subject to such Bank Account Control Agreement, (y) exclusive dominion and control with respect to each bank or depositary account subject to such Bank Account Control Agreement which is not a Deposit Account or Securities Account, and (z) a fully perfected, first priority security interest in all funds held in each account subject to such Bank Account Control Agreement.

5.2.12. MORTGAGES. The U.S. Mortgages and accompanying UCC financing statements create a valid and enforceable perfected security interest in and mortgage Lien on all the Mortgaged Properties referred to therein in favor of Conexant, superior to the rights of all third persons, and subject to no Liens other than Permitted Liens. Upon recording of the U.S. Mortgages in the filing offices set forth in Schedule 5.2.12 and the filing of the UCC financing statements in the filing offices set forth in Schedule 5.2.6, such security interest and mortgage Lien will be fully perfected. The Mexican Mortgages create a valid, first priority and enforceable perfected security interest in and mortgage Lien on all the Mortgaged Properties (as defined in the Mexican Mortgages) and subject to no Liens other than Permitted Liens. Upon recording of the Mexican Mortgages in the filing offices (Oficina Registradora) located in Mexicali, Mexico and in the Public Registry of Property and Commerce (Registro Publico de la Propiedad y de Comercio) of the State of Baja California, Mexico, such security interest and mortgage Lien will be fully perfected.

5.3. SCOPE OF CERTAIN REPRESENTATIONS AND WARRANTIES.

5.3.1. ALPHA OBLIGORS. The representations and warranties made in Sections 5.1.1 through 5.1.6, 5.2.4 and 5.2.8 are made only with respect to Alpha and those other Obligors which were Subsidiaries of Alpha immediately prior to the Merger and, with respect to the representations and warranties made by Alpha in Sections 5.1.4 and 5.1.5, excluding any conflict, violation, Governmental Approval, consent, approval, breach, default, acceleration or Lien arising or required under any law, rule, regulation, order, permit, license or Contract that was not binding on Alpha prior to the Merger. No representation or warranty is made in Section 5.2.8 in respect of any Intellectual Property, License or Collateral to which Alpha succeeded as a result of the Merger.

5.3.2. ALL OBLIGORS. The representations and warranties made in Sections 5.1.7 and 5.1.8 are made in respect of Alpha and all of the other Obligors, after giving effect to the Merger, the acquisitions contemplated by the Purchase Documents and the financing contemplated by this Agreement and the other Financing Documents.

5.3.3. COLLATERAL SCHEDULES. The representations and warranties made in Sections 5.2.1 through 5.2.3, Section 5.2.6 and Section 5.2.7 (and in the Schedules referred to therein) are made in respect of Alpha and all of the other Obligors, after giving effect to the Merger, the acquisitions contemplated by the Purchase Documents and the financing contemplated by this Agreement and the other Financing Documents, subject to the qualification that any error or omission therein which (1) relates solely to Collateral directly or indirectly acquired by Alpha in the Merger or the acquisitions contemplated by the Purchase Documents and (2) is based on representations and warranties made in the Purchase Documents, schedules of the Contribution Agreement or information concerning Washington or any Subsidiary of Washington or Mexicali in any of the above-referenced Schedules supplied by or on behalf of Washington or any Subsidiary of Washington or Mexicali expressly for use in this Agreement or any other Financing Document shall not be deemed a breach of such representations and warranties.

5.3.4. SECURITY INTERESTS. The representations and warranties in (x) Sections 5.2.5 through 5.2.7, except for that part of Section 5.2.6 or 5.2.7 which is based on Section 5.2.3 concerning Washington and its subsidiaries, and (y) Sections 5.2.9 through 5.2.12 are made in respect of Alpha and all of the other Obligors, after giving effect to the Merger, the transactions contemplated by the Purchase Documents and the financing contemplated by this Agreement and the other Financing Documents.

## SECTION 6

## REMEDIES UPON OCCURRENCE OF EVENT OF DEFAULT

6.1. REMEDIES; OBTAINING THE COLLATERAL UPON DEFAULT. Each Obligor agrees that, if any Event of Default shall have occurred and be continuing, then and in every such case, Conexant, in addition to any rights now or hereafter existing under applicable law, shall have all rights as a secured creditor on default under any UCC, and such additional rights and remedies to which a secured creditor is entitled under the laws in effect, in all relevant jurisdictions and may:

(a) personally, or by agents or attorneys, immediately take possession of the Collateral or any part thereof, from such Obligor or any other person who then has possession of any part thereof with or without notice or process of law, and for that purpose may enter upon such Obligor's premises where any of the Collateral is located and remove the same and use in connection with such removal any and all services, supplies, aids and other facilities of such Obligor;

(b) instruct the obligor or obligors on any agreement, instrument or other obligation (including, without limitation, the Receivables) constituting the Collateral to make any payment required by the terms of such agreement, instrument or other obligation directly to Conexant and may exercise any and all remedies of such Obligor in respect of such Collateral;

(c) sell, assign or otherwise liquidate any or all of the Collateral or any part thereof in accordance with Section 6.2 hereof, or direct the relevant Obligor to sell, assign or otherwise liquidate any or all of the Collateral or any part thereof, and, in each case, take possession of the proceeds of any such sale or liquidation; and

(d) take possession of the Collateral or any part thereof, by directing the relevant Obligor in writing to deliver the same to Conexant at any place or places designated by Conexant, in which event such Obligor shall at its own expense:

(x) forthwith cause the same to be delivered to the place or places so designated by Conexant;

(y) store and keep any Collateral so delivered to Conexant at such place or places pending further action by Conexant as provided in Section 6.2 hereof; and

(z) while the Collateral shall be so stored and kept, provide such guards and maintenance services as shall be necessary to protect the same and to preserve and maintain the collateral in good condition;

it being understood that each Obligor's obligation to so deliver the Collateral is of the essence of this Agreement and that, accordingly, upon application to a court of equity having jurisdiction, Conexant shall be entitled to a decree requiring specific performance by such Obligor of said obligation.

6.2. REMEDIES; DISPOSITION OF THE COLLATERAL.

6.2.1. TRADEMARKS. Upon the occurrence and during the continuance of an Event of Default, Conexant may, by written notice to the relevant Obligor, take

any or all of the following actions: (i) declare the entire right, title and interest of such Obligor in and to each of the Trademarks, together with all trademark rights and rights of protection to the same, vested in Conexant, in which event such right, title and interest shall immediately vest in Conexant, and Conexant shall be entitled to exercise the power of attorney referred to in Section 4.3 hereof to execute, cause to be acknowledged and notarized and record said absolute assignment with the applicable agency; (ii) take and sell or license or sublicense the Trademarks and the goodwill of such Obligor's business symbolized by the Trademarks and the right to carry on the business and use the assets of such Obligor in connection with which the Trademarks have been used; and (iii) direct such Obligor to refrain, in which event such Obligor shall refrain, from using the Trademarks in any manner whatsoever, directly or indirectly, and such Obligor shall execute such further documents that Conexant may reasonably request to further confirm this and to transfer ownership of the Trademarks and registrations and any pending trademark application in the United States Patent and Trademark Office to Conexant.

6.2.2. PATENTS AND COPYRIGHTS. Upon the occurrence and during the continuance of an Event of Default, Conexant may by written notice to the relevant Obligor, take any or all of the following actions: (i) declare the entire right, title, and interest of such Obligor in each of the Patents and Copyrights vested in Conexant, in which event such right, title, and interest shall immediately vest in Conexant and Conexant shall be entitled to exercise the power of attorney referred to in Section 4.3 hereof to execute, cause to be acknowledged and notarized and record said absolute assignment with the applicable agency; (ii) take, practice and sell or license or sublicense the Patents and Copyrights; and (iii) direct such Obligor to refrain, in which event such Obligor shall refrain, from practicing the Patents and using the Copyrights, directly or indirectly, and such Obligor shall execute such further documents as Conexant may reasonably request further to confirm this and to transfer ownership of the Patents and Copyrights to Conexant.

6.2.3. PLEDGED SECURITIES. Upon the occurrence and during the continuance of an Event of Default, subject to applicable regulatory and legal requirements, Conexant may sell the Pledged Securities, or any part thereof, at public or private sale or at any broker's board or on any securities exchange or electronic trading facility, for cash, upon credit or for future delivery as Conexant shall deem appropriate. Conexant shall be authorized at any such sale (if it deems it advisable to do so) to restrict the prospective bidders or purchasers to persons who will represent and agree that they are purchasing the Pledged Securities for their own account for investment and not with a view to the distribution or sale thereof, and upon consummation of any such sale Conexant shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Pledged Securities so sold. Each such purchaser at any such sale shall hold the property

sold absolutely free from any claim or right on the part of any Obligor, and, to the extent permitted by applicable law, the Obligors hereby waive all rights of redemption, stay, valuation and appraisal any Obligor now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. Conexant shall give each person entitled to notice of such sale under Section 9-611(c) of the UCC ten (10) days' prior written notice (which each Obligor agrees is reasonable notice within the meaning of Section 9-612 of the UCC) of Conexant's intention to make any sale of Pledged Securities. Such notice shall conform to the requirements of Section 9-613 of the UCC. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as Conexant may fix and state in the notice of such sale. At any such sale, the Pledged Securities, or portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as Conexant may (in its sole and absolute discretion) determine. Conexant shall not be obligated to make any sale of any Pledged Securities if it shall determine not to do so, regardless of the fact that notice of sale of such Pledged Securities shall have been given. Conexant may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case any sale of all or any part of the Pledged Securities is made on credit or for future delivery, the Pledged Securities so sold may be retained by Conexant until the sale price is paid in full by the purchaser or purchasers thereof, but Conexant shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Pledged Securities so sold and, in case of any such failure, such Pledged Securities may be sold again upon like notice. At any public (or, to the extent permitted by applicable law, private) sale made pursuant to this Section, Conexant may bid for or purchase, free from any right of redemption, stay or appraisal on the part of any Obligor (all said rights being also hereby waived and released), the Pledged Securities or any part thereof offered for sale and may make payment on account thereof by using any claim then due and payable to it from such Obligor as a credit against the purchase price, and it may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to such Obligor therefor. For purposes hereof, (a) a written agreement to purchase the Pledged Securities or any portion thereof shall be treated as a sale thereof, (b) Conexant shall be free to carry out such sale pursuant to such agreement, and (c) such Obligor shall not be entitled to the return of the Pledged Securities or any portion thereof subject thereto, notwithstanding the fact that after Conexant shall have entered into such an agreement, all Events of Default shall have been remedied and the Obligations paid in full. As an alternative to exercising the power of sale herein conferred upon it, Conexant may proceed by a suit or suits at law or in equity to foreclose upon the Pledged Securities and to sell the Pledged

Securities or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver. Any sale pursuant to the provisions of this Section shall be deemed to be a commercially reasonable disposition as provided in Section 9-610 of the UCC.

6.2.4. ALL COLLATERAL. If any Event of Default shall have occurred and be continuing, then any Collateral repossessed by Conexant under or pursuant to Section 6.1 hereof and any other Collateral whether or not so repossessed by Conexant, may be sold, assigned, leased or otherwise disposed of under one or more contracts or as an entirety, and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner, at such time or times, at such place or places and on such terms as Conexant may, in compliance with any mandatory requirements of applicable law, determine to be commercially reasonable. Any of the Collateral may be sold, leased or otherwise disposed of in the condition in which the same existed when taken by Conexant or after any overhaul or repair at the expense of the relevant Obligor which Conexant shall determine to be commercially reasonable. Conexant shall give each person entitled to notice of such disposition under Section 9-611(c) of the UCC ten (10) days' prior written notice (which each Obligor agrees is reasonable notice within the meaning of Section 9-612 of the UCC). Such notice shall conform to the requirements of Section 9-613 of the UCC. Conexant may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the sale may be so adjourned. To the extent permitted by any such requirement of law, Conexant may bid for and become the purchaser of the Collateral or any item thereof, offered for sale in accordance with this Section without accountability to any Obligor. Each Obligor agrees to do or cause to be done all such other acts and things as may be reasonably necessary to make such sale or sales of all or any portion of the Collateral valid and binding and in compliance with any and all applicable laws, regulations, orders, writs, injunctions, decrees or awards of any and all courts, arbitrators or governmental instrumentalities, domestic or foreign, having jurisdiction over any such sale or sales, all at such Obligor's expense.

6.2.5. LETTERS OF CREDIT. If any Event of Default shall have occurred and be continuing, Conexant may direct any financial institution that is the issuer, confirmer or nominated person of any letter of credit issued to (a) Alpha or any Subsidiary of Alpha or (b) Conexant or any subsidiary of Conexant as beneficiary which letter of credit is (in whole or in part) a Washington Asset (as defined in the Contribution Agreement), in either case, to make payments due under any such letter of credit to such account or accounts as Conexant may direct, to be held as

cash Collateral securing the Obligations and/or applied then or thereafter to payment of the Obligations, as otherwise provided herein.

6.2.6. WAIVER OF CLAIMS. Except as otherwise provided in this Agreement, EACH OBLIGOR HEREBY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, NOTICE AND JUDICIAL HEARING IN CONNECTION WITH CONEXANT'S TAKING POSSESSION OR CONEXANT'S DISPOSITION OF ANY OF THE COLLATERAL, INCLUDING, WITHOUT LIMITATION, ANY AND ALL PRIOR NOTICE AND HEARING FOR ANY PREJUDGMENT REMEDY OR REMEDIES, and each Obligor hereby further waives, to the extent permitted by law:

(1) all damages occasioned by such taking of possession except any damages which are the direct result of Conexant's gross negligence or willful misconduct;

(2) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of Conexant's rights hereunder; and

(3) all rights of redemption, appraisement, valuation, stay, extension or moratorium now or hereafter in force under any applicable law in order to prevent or delay the enforcement of this Agreement or the absolute sale of the Collateral or any portion thereof, and each Obligor, for itself and all who may claim under it, insofar as it or they now or hereafter lawfully may, hereby waives the benefit of all such laws.

Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the relevant Obligor therein and thereto, and shall be a perpetual bar both at law and in equity against such Obligor and against any and all Persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through and under such Obligor.

6.2.7. APPLICATION OF PROCEEDS. All moneys collected by Conexant (or, to the extent any additional Financing Document requires proceeds of Collateral under such Financing Document to be applied in accordance with the provisions of this Agreement, the pledgee or mortgagee under such other Financing Document) upon any sale or other disposition of the Collateral, together with all other moneys received by Conexant hereunder, shall be applied as follows:

(1) first, to the payment of all amounts owing Conexant of the type described in clauses (i), (ii) and (iii) of the definition of "Obligations";

(2) second, to the extent proceeds remain after the application pursuant to the preceding clause (1), an amount equal to the outstanding Obligations shall be paid to Conexant; and

(3) third, to the extent proceeds remain after the application pursuant to the preceding clauses (1) and (2), and following the termination of this Agreement, to the relevant Obligor or to whomever may be lawfully entitled to receive such surplus.

The Obligors shall remain jointly and severally liable to the extent of any deficiency between the amount of the proceeds of the Collateral and the aggregate amount of the Obligations.

6.2.8. REMEDIES CUMULATIVE. Each and every right, power and remedy hereby specifically given to Conexant shall be in addition to every other right, power and remedy specifically given under this Agreement or the other Financing Documents, now or hereafter existing at law, in equity or by statute and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by Conexant. All such rights, powers and remedies shall be cumulative and the exercise or the beginning of the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of Conexant in the exercise of any such right, power or remedy and no renewal or extension of any of the Obligations shall impair any such right, power or remedy or shall be construed to be a waiver of any Default or Event of Default or an acquiescence therein. No notice to or demand on any Obligor in any case shall entitle it to any other or further notice or demand in similar or other circumstances or constitute a waiver of any of the rights of Conexant to any other or further action in any circumstances without notice or demand. In the event that Conexant shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit Conexant may recover reasonable expenses, including reasonable attorneys' fees, and the amounts thereof shall be included in such judgment.

6.2.9. DISCONTINUANCE OF PROCEEDINGS. In case Conexant shall have instituted any proceeding to enforce any right, power or remedy under this Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to Conexant, then and in every such case the relevant Obligor, Conexant and each holder of any of the Obligations shall be restored to their former positions and rights hereunder with respect to the Collateral subject to the security interest created under this Agreement, and all rights, remedies and powers of Conexant shall continue as if no such proceeding had been instituted.

SECTION 7

COVENANTS

Each Obligor, jointly and severally, agrees that, so long as any Obligations remain outstanding and unpaid or any amount payable under any Financing Document remains unpaid, unless Conexant shall otherwise agree in writing:

7.1. PAYMENT OF OBLIGATIONS. It will, and will cause each of its Subsidiaries to, pay and discharge at or before maturity, all their respective material obligations and liabilities (including, without limitation, tax liabilities and claims of materialmen, warehousemen and the like which if unpaid would reasonably be expected to give rise to a Lien), except where the same may be contested in good faith by appropriate proceedings (including administrative proceedings), and appropriate reserves are maintained for the accrual of any of the same.

7.2. MAINTENANCE OF PROPERTY. It will, and will cause each of its Subsidiaries to, keep all property useful and necessary in their respective businesses in good working order and condition, ordinary wear and tear excepted.

7.3. CONDUCT OF BUSINESS AND MAINTENANCE OF EXISTENCE. Except as expressly permitted by Section 7.7, it will, and will cause each of its Subsidiaries to, (a) continue to engage in business of the same general type as now conducted and (b) preserve, renew and keep in full force and effect its respective corporate, partnership, company or other existence and its respective rights, privileges and franchises material to the normal conduct of its business.

7.4. COMPLIANCE WITH LAWS. It will, and will cause each of its Subsidiaries to, comply with all applicable laws, ordinances, rules, regulations, and requirements of Governmental Authorities, except where the failure to so comply would not reasonably be expected to have a Material Adverse Effect; provided that no Obligor shall be in breach of this Section 7.4 as a result of the failure, prior to the Closing Date, of Washington, any Subsidiary of Washington or Mexicali to so comply, if such Obligor has taken commercially reasonable steps after the Closing Date to remedy such failure.

7.5. INSPECTION OF PROPERTY, BOOKS AND RECORDS. It will, and will cause each of its Subsidiaries to, (i) keep proper books of record and account in which entries shall be made of all dealings and transactions in relation to its business and activities that are full, true and correct in all material respects; and (ii) permit a reasonable number of representatives of Conexant to visit and inspect (at no cost to it or its Subsidiaries unless a Default or Event of Default has occurred and is continuing) any of their respective properties, to examine and make abstracts from any of their respective books of account and other records (unless prohibited by law) and to discuss their respective affairs,

finances and accounts with their respective officers and independent public accountants, all at such reasonable times and as often as may reasonably be requested.

7.6. INVESTMENTS. It will not, and will not permit any of its Subsidiaries to, (i) make, directly or indirectly, any Investment in any other Person, or (ii) purchase all or any substantial part of the business or assets of any Person, except that (a) Alpha and Mexicali may acquire assets in accordance with the Purchase Documents and (b) Alpha and its Subsidiaries (other than Excluded Subsidiaries) may acquire and hold Permitted Investments.

7.7. FUNDAMENTAL CHANGES. Except in accordance with Section 7.8(e) or (g), it will not, and will not permit any of its Subsidiaries to, (i) consolidate or merge with or into any other person other than Alpha or a direct or indirect Wholly-owned Subsidiary of Alpha which is an Obligor, (ii) except as set forth in Schedule 7.7(ii) wind up, liquidate or dissolve its affairs, (iii) sell, lease, transfer or otherwise dispose of (including in connection with a sale and leaseback transaction) all or substantially all of its properties and assets to any person other than Alpha or a direct or indirect Wholly-owned Subsidiary of Alpha which is an Obligor, or (iv) sell the capital stock of any Subsidiary, except in accordance with Section 7.8(g) or to Alpha or a direct or indirect Wholly-owned Subsidiary of Alpha which is an Obligor.

7.8. SALES OF ASSETS. It will not, and will not permit any of its Subsidiaries to, sell, lease, transfer or otherwise dispose of (including in connection with a sale and leaseback transaction) any of its assets, except that:

(a) Inventory may be sold in the ordinary course of business consistent with past practice,

(b) Patents, Copyrights and Trademarks may be licensed in the ordinary course of business and not in violation of any other provision of this Agreement or any other Security Documents,

(c) Permitted Investments may be sold, exchanged and reinvested in the ordinary course of business,

(d) marketable securities (other than any issued by a Subsidiary of Alpha), cash and cash equivalents may be sold for the purpose of:

(1) paying expenses associated with the Spin-off, the Merger, the Purchase Documents and the Financing Documents and the transactions contemplated by the foregoing,

(2) acquiring other Permitted Investments in the ordinary course of business,

(3) funding working capital requirements in the ordinary course of business consistent with past practice, subject in the case of Excluded Subsidiaries and Restricted Subsidiaries to the restrictions in Section 7.18, and

(4) making Capital Expenditures permitted by this Agreement,

(e) sales, leases, transfers or other dispositions of property may be made where:

(1) the consideration received consists entirely of cash,

(2) Alpha shall have given Conexant written notice (not less than ten (10) days prior to the closing of such sale) of such sale and of its or its Subsidiary's intention to replace such property with other property that has a fair market value not materially less than the property disposed of,

(3) Alpha or its Subsidiary shall have deposited all Net Cash Proceeds of such sale, lease, transfer or other disposition that are not immediately applied to replace such property (x) in an escrow account (to be held and released subject to terms and conditions reasonably satisfactory to Conexant and consistent with this Section), if such cumulative unused proceeds exceed $100,000 or (y) an account subject to a Securities Account Control Agreement, if such cumulative unused proceeds are $100,000 or less, and

(4) within 180 days of such disposition, Alpha or such Subsidiary shall have (x) replaced such property with other property which has a fair market value not materially less than the property disposed of and/or (y) applied all funds not used to replace such property to prepay Notes and Revolving Loans, to the extent required, in accordance with Section 2.1.5.4 (and funds shall be released from the escrow account to enable any such replacement or pre-payment to be made in accordance with the terms hereof), or if such funds are not used to replace property and are not required to be applied to prepay Notes or Revolving Loans pursuant to Section 2.1.5.4, to be released to Alpha or such Subsidiary,

(f) sales, leases, transfers or other dispositions, for cash, of motor vehicles or office equipment in the ordinary course of business and not material in aggregate amount, and

(g) sales, leases, transfers or other dispositions of assets may be made where:

(5) the consideration received consists entirely of cash, and

(6) the Net Cash Proceeds of which (x) are at least equal to 75% of the book value of such assets, as shown on the consolidated balance sheet of Alpha for the fiscal quarter ended immediately prior to such sale, lease, transfer or other disposition, (y) together with the Net Cash Proceeds of all sales, leases, transfers and other dispositions made in reliance on this Section 7.8(g) during the term of this Agreement do not exceed $50,000,000 in the aggregate and (z) are applied to the prepayment of Note and Revolving Loans, to the extent required, in accordance with Section 2.1.5.4.

7.9. NEGATIVE PLEDGE. It will not, and will not permit any of its Subsidiaries to, create, assume or suffer to exist any Lien on any asset now owned or hereafter acquired by it, except: (i) Permitted Liens, and (ii) any Lien existing on any asset of any Person at the time such Person becomes an Obligor and not created in contemplation of such event.

7.10. RESTRICTED PAYMENTS. It will not, and will not permit any of its Subsidiaries to:

(a) unless it or such Subsidiary is directly or indirectly a Wholly-owned Subsidiary of Alpha, declare or pay any dividends, or return any capital, to its shareholders or authorize or make any other distribution, payment or delivery of property or cash to its shareholders as such, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for any consideration, any shares of any class of its capital stock or interest of any of its shareholders, in each case now or hereafter outstanding (or any options or warrants issued by it or any of its Subsidiaries with respect to its or any of its Subsidiaries' capital stock); except (i) for purchases, redemptions or forfeitures of restricted stock held by current or former employees, consultants or directors of Alpha or any of its Subsidiaries, not to exceed $10,000 in the aggregate during the term of this Agreement, and (ii) Alpha may at any time pay dividends with respect to its capital stock solely in additional shares of its capital stock,

(b) pre-pay or otherwise retire prior to its stated maturity any Indebtedness (other than the Notes, the Revolving Loans or as permitted by Section 7.12(a)(iii) or (xii)), or

(c) set aside any funds for any of the foregoing purposes.

7.11. TRANSACTIONS WITH AFFILIATES. It will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay any funds to or for the account of, make any

Investment in, lease, sell, transfer or otherwise dispose, of any assets, tangible or intangible, to, or participate in, or effect, any transaction with, any Affiliate (other than Alpha or a direct or indirect Wholly-owned Subsidiary of Alpha), except on terms at least as favorable as could have been obtained on an arm's length basis from a third party or as otherwise permitted hereunder.

7.12. INDEBTEDNESS. It will not, and will not permit any of its Subsidiaries to:

(a) contract, create, incur, assume or suffer to exist any Indebtedness, except: (i) Indebtedness of the Obligors under the Financing Documents, (ii) accounts payable incurred by the Obligors in the ordinary course of business consistent with past practice, (iii) Indebtedness owed to Alpha or any Subsidiary of Alpha representing Permitted Investments made on or after the date hereof, (iv) any unsecured Indebtedness of Alpha, provided that any Net Cash Proceeds of the same are applied to prepay Notes and Revolving Loans to the extent required by Section 2.1.5.4, (v) Indebtedness existing on the date hereof, which is either (A) Indebtedness of Washington or a Subsidiary of Washington or (B) set forth in Schedule 7.12, (vi) Indebtedness pursuant to Hedging Agreements entered into in the ordinary course of business consistent with past practice and not for the purpose of speculation, (vii) Indebtedness resulting from endorsement of negotiable instruments for collection in the ordinary course of business, (viii) Indebtedness arising under indemnity agreements to title insurers to cause such title insurers to issue to Conexant mortgage title insurance policies, (ix) Indebtedness arising with respect to indemnification, representation, warranty, purchase price adjustment or other obligations incurred in connection with sales or other dispositions of assets permitted hereunder, (x) Indebtedness incurred in the ordinary course of business with respect to surety and appeal bonds, performance, insurance and return-of-money bonds, letters of credit and other similar obligations, (xi) Indebtedness consisting of (1) Purchase Money Indebtedness or (2) Capital Lease Obligations incurred in the ordinary course of business after the Closing Date in respect of property acquired after the Closing Date; provided that the aggregate principal or capitalized amount of any such Indebtedness incurred in accordance with this clause (xi) during any fiscal quarter during the term of this Agreement shall not exceed $10,000,000 plus any unused portion of the Indebtedness permitted to be made pursuant to this clause (xi) during any prior fiscal quarter during the term of this Agreement, (xii) Indebtedness incurred to extend, renew or refinance Indebtedness described in paragraphs (iv), (v) or (xi) above ("REFINANCING INDEBTEDNESS") so long as such Refinancing Indebtedness is in an aggregate principal amount not greater than the sum of (1) the aggregate principal amount of the Indebtedness being extended, renewed or refinanced plus (2) ordinary and necessary fees and expenses incurred to obtain such Refinancing Indebtedness, and (except for Permitted Liens in respect of Purchase Money Indebtedness, Capital Lease Obligations and

Indebtedness referred to in clause (a)(v)(A) above) is not secured by any property or assets of any Obligor or any Subsidiary of any Obligor, or

(b) guaranty, whether pursuant to fianzas, avales or otherwise, any Indebtedness of any other person other than under Section 3 of this Agreement or enter into any other Contingent Obligation, except for (i) Hedging Agreements entered into in the ordinary course of business consistent with past practice and not for the purpose of speculation and (ii) guaranties by an Obligor or any of its Subsidiaries of any Indebtedness incurred by any other Obligor or any of its Subsidiaries to the extent such Indebtedness is permitted by this Section 7.12.

7.13. NOTICE OF DEFAULT; OTHER NOTICES. Alpha will promptly after obtaining knowledge thereof notify Conexant in writing of the occurrence of (i) any Default or Event of Default, (ii) any material litigation or proceedings that are instituted or threatened against it or any of its Subsidiaries or any of its assets, (iii) each and every event which would be a default or an event of default under any Indebtedness of Alpha or any of its Subsidiaries that is outstanding in principal amount of at least $1,000,000 and (iv) any other development in the business or affairs of Alpha and its Subsidiaries if the effect thereof could reasonably be expected to have a Material Adverse Effect.

7.14. FINANCIAL REPORTING.

7.14.1. FINANCE COMMITTEE. Promptly, and in no event later then five days after the Closing Date, Alpha's Board of Directors shall establish a committee of the Board of Directors to be named the Finance Committee (the "FINANCE COMMITTEE"), as hereinafter provided.

7.14.1.1. The Finance Committee shall have the composition, duties and powers set forth in the Finance Committee Charter attached hereto as Exhibit L and shall be maintained in such form until all Obligations are paid in full in cash.

7.14.1.2. Alpha shall furnish to the Finance Committee all such financial and other information, in such form and detail, as the Finance Committee may reasonably request from time to time.

7.14.2. REPORTS. Alpha shall deliver to Conexant such reports concerning its business, operations and financial condition, at such intervals and in such form and detail, as Conexant may from time to time reasonably request. Without further request, Alpha shall deliver to Conexant, not later than ten (10) Business Days after the end of each month, Alpha's unaudited balance sheet for such month.

7.14.3. COMPLIANCE CERTIFICATE. Not later than the first to occur of (1) the Business Day after Alpha releases to the public its earnings report for any fiscal quarter and (2) the date on which Alpha's Form 10-Q for each of Alpha's first three fiscal quarters shall be due (or forty-five days after the end of the fourth fiscal quarter with respect to the fourth fiscal quarter), commencing with the fiscal quarter ending June 30, 2002, Alpha shall furnish to Conexant a Compliance Certificate, signed by Alpha's chief executive officer and chief financial officer.

7.15. PAYMENT OF TAXES. It shall, and shall cause each of its Subsidiaries to:

(a) timely file, or cause to be filed, all tax returns required to be filed by such Obligor or any of its Subsidiaries, and

(b) pay and discharge all Taxes imposed upon it, its income, or its assets or properties, prior to the date on which penalties attach thereto, except to the extent that (i) any such Taxes are being contested in good faith by appropriate proceedings and reserves, adequate in Alpha's reasonable opinion, have been established by the Obligor or any of its Subsidiaries, as the case may be, on behalf of the applicable entity in respect of all such contested Taxes, or (ii) Alpha or any of its Subsidiaries is entitled to indemnification in respect of such Taxes pursuant to the Tax Allocation Agreement or the Purchase Documents.

7.16. CAPITAL EXPENDITURES. It will not make, and will not permit any of its Subsidiaries to make, Capital Expenditures in excess of $12,500,000 for any fiscal quarter, in the aggregate for Alpha and all of its Subsidiaries, during the term of this Agreement; provided that any unused portion of the Capital Expenditures permitted to be made pursuant to this Section 7.16 during a fiscal quarter may be made in any subsequent fiscal quarter.

7.17. MINIMUM CASH BALANCE. Alpha shall not permit at any time on or after December 31, 2002 the sum of (x) the consolidated balance of readily available cash on deposit with banks or similar accounts of Alpha and its Subsidiaries plus (y) the fair market value of all marketable securities held by Alpha and its Subsidiaries (other than securities issued by Alpha or any Subsidiary of Alpha), in each case subject to no Lien (other than any Lien created under the Security Documents and customary banker's or broker's liens and rights of setoff unrelated to margin activity) to be less than $40,000,000.

7.18. EXCLUDED SUBSIDIARIES; RESTRICTED SUBSIDIARIES. It will not, and will not permit any of its Subsidiaries to, sell, lease, contribute, loan, advance, assign or otherwise transfer any property that is Collateral to any Excluded Subsidiary or Restricted Subsidiary, except as hereinafter provided:

7.18.1. Alpha or any of its Subsidiaries may make loans, capital contributions or advances to any Restricted Subsidiary to fund working capital and, to the extent permitted by this Agreement, Capital Expenditures, of any such Restricted Subsidiary, required in the ordinary course of business, in no event to exceed the amounts set forth below without Conexant's consent which, for working capital required by Restricted Subsidiaries in the ordinary course of business, will not be unreasonably withheld:

7.18.1.1. For all Restricted Subsidiaries other than Mexicali, (1) for the fiscal quarters ended September 30, 2002 and December 31, 2002, $7,000,000 in the aggregate for each such fiscal quarter and (2) for all fiscal quarters thereafter, $4,500,000 in the aggregate for each such fiscal quarter;

7.18.1.2. For Mexicali, for all fiscal quarters, $14,500,000 in the aggregate for each such fiscal quarter.

7.18.2. Alpha or any of its Subsidiaries may make loans, capital contributions or advances to any Excluded Subsidiary, in an amount not to exceed $10,000 in the aggregate for all Excluded Subsidiaries during the term of this Agreement, to the extent required to maintain the legal existence of such Excluded Subsidiaries.

7.18.3. Alpha or any of its Subsidiaries may sell for cash (but not otherwise transfer) any property that is Collateral to any Restricted Subsidiary to the extent that any such sale would be a sale of assets permitted by Section 7.8.

7.18.4. Alpha or any of its Subsidiaries may transfer to Mexicali inventory on a bailment or consignment basis, for assembly, test and processing by Mexicali, in the ordinary course of business consistent with past practice.

## SECTION 8

## INDEMNITY

8.1. INDEMNITY. Each Obligor, jointly and severally, agrees to indemnify, reimburse and hold Conexant and its successors, permitted assigns, employees, agents and servants (hereinafter in this Section referred to individually as "INDEMNITEE," and collectively as

"INDEMNITEES") harmless from any and all liabilities, obligations, damages, injuries, penalties, claims, demands, actions, suits, judgments and any and all costs, expenses or disbursements (including reasonable attorneys' fees and expenses) (for the purposes of this Section the foregoing are collectively called "LOSSES") of whatsoever kind and nature imposed on, asserted against or incurred by any of the Indemnitees in any way relating to or arising out of this Agreement or any other Financing Document or in any other way connected with the administration of the transactions contemplated hereby or thereby or the enforcement of any of the terms of, or the preservation of any rights under any thereof, or in any way relating to or arising out of the actions taken or not taken after the Closing Date in connection with the manufacture, ownership, ordering, purchase, delivery, performance, control, acceptance, lease, financing, possession, operation, condition, sale, return or other disposition, or use of the Collateral (including, without limitation, latent or other defects, whether or not discoverable), the violation of the laws of any country, state or other governmental body or unit, any tort (including, without limitation, claims arising or imposed under the doctrine of strict liability, or for or on account of injury to or the death of any Person (including any Indemnitee), or property damage), or contract claim; provided that no Indemnitee shall be indemnified pursuant to this Section for (x) Losses, to the extent such Loss is found in a final, nonappealable judgment by a court of competent jurisdiction to have resulted from such Indemnitee's gross negligence or willful misconduct or (y) any Excluded Loss. Each Obligor agrees that upon written notice by any Indemnitee of the assertion of such a liability, obligation, damage, injury, penalty, claim, demand, action, suit or judgment, the relevant Obligor shall assume full responsibility for the defense thereof. Each Indemnitee agrees to use its best efforts to promptly notify the relevant Obligor of any such assertion of which such Indemnitee has knowledge.

Each Obligor further agrees, jointly and severally, to pay, or reimburse Conexant for any and all reasonable fees, costs and expenses of whatever kind or nature incurred in connection with the creation, preservation or protection of Conexant's Liens on, and security interest in, the Collateral, including, without limitation, all fees and taxes in connection with the recording or filing of instruments and documents in public offices, payment or discharge of any taxes or Liens upon or in respect of the Collateral and all other fees, costs and expenses in connection with protecting, maintaining or preserving the Collateral and Conexant's interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions, suits or proceedings arising out of or relating to the Collateral.

Each Obligor further agrees, jointly and severally, to pay, indemnify and hold each Indemnitee harmless from and against any losses, costs, damages and expenses which such Indemnitee may suffer, expend or incur in consequence of or growing out of any misrepresentation by any Obligor in this Agreement, any other Financing Document.

If and to the extent that the obligations of any Obligor under this Section are unenforceable for any reason, such Obligor hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law.

8.2. EXPENSE REIMBURSEMENT. Within twenty Business Days after the Closing Date, Alpha will reimburse Conexant (by wire transfer to Conexant's bank account at Bank One, N.A., Account No. 51-52283, A.B.A. Routing Number 071000013) for all amounts in respect of reasonable fees, costs and expenses incurred and paid by Conexant before or at the Closing Date in connection with the preparation, negotiation, execution and delivery of the Financing Documents, including reasonable attorneys' fees and expenses and, to the extent not previously paid in full pursuant to Section 2.2.12, any record search, title report, transfer, UCC, Patent and Trademark Office, mortgage, notary, documentary, stamp or other filing or recording fees or taxes; provided that, within ten (10) Business Days after the Closing Date, Conexant has notified Alpha in writing of such expenses and provided Alpha with an invoice, statement of account or other appropriate supporting documentation therefor. Alpha will reimburse Conexant (by wire transfer to the same bank account referred to in the preceding sentence) for all amounts in respect of reasonable fees, costs and expenses incurred and paid by Conexant after the Closing Date in connection with filings reasonably necessary to establish or perfect the liens granted by this Agreement, including reasonable attorneys' fees and expenses and any record search, title report, transfer, UCC, Patent and Trademark Office, mortgage, notary, documentary, stamp or other filing or recording fees or taxes related thereto, within twenty Business Days after Conexant's request therefor and production to Alpha of an invoice, statement of account or other appropriate supporting documentation.

8.3. INDEMNITY OBLIGATIONS SECURED BY COLLATERAL. Any amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement shall constitute Obligations secured by the Collateral.

8.4. SURVIVAL. The indemnity obligations of each Obligor contained in this Section 8 shall continue in full force and effect notwithstanding the full payment of all of the other Obligations.

## SECTION 9

## MISCELLANEOUS

9.1. NOTICES. All notices and other communications required or permitted hereunder shall be in writing and shall be deemed to have been sufficiently given to any party hereto if personally delivered or if sent by telegram, telecopy or telex, or by registered or

certified mail, return receipt requested, or by recognized courier service, postage or other charges prepaid, addressed as follows:

(a) If to Alpha or any Alpha Subsidiary:

Alpha Industries, Inc.
20 Sylvan Road
Woburn, MA 01801
Fax: (617) 824-4426
Attention: Paul E. Vincent
Chief Financial Officer

with a copy to (not effective for purposes of notice):

Alpha Industries, Inc.
20 Sylvan Road
Woburn, MA 01801
Fax: (617) 824-4564
Attention: General Counsel

(b) If to Conexant:

Conexant Systems, Inc.
4311 Jamboree Road
Newport Beach, CA 92660-3095
Fax: (949) 483-6388
Attention: Dennis E. O'Reilly
Senior Vice President, General Counsel
and Secretary

with a copy to (not effective for purposes of notice):

Chadbourne & Parke
30 Rockefeller Plaza
New York, New York 10112
Fax: (212) 541-5369
Attention: Peter R. Kolyer, Esq.

or to such other address as may be specified from time to time by Alpha or Conexant on notice to the other party. Such notice or communication will be deemed to have been given as of the date so personally delivered, telegraphed, telecopied, telexed, mailed or sent by courier.

9.2. WAIVER; AMENDMENT. None of the terms and conditions of this Agreement may be changed, waived, modified or varied in any manner whatsoever unless in writing duly signed by each Obligor directly affected thereby and Conexant.

9.3. OBLIGATIONS ABSOLUTE. The obligations of each Obligor hereunder shall remain in full force and effect without regard to, and shall not be impaired by (a) any Bankruptcy Event in respect of any Obligor; (b) any exercise or non-exercise, or any waiver of, any right, remedy, power or privilege under or in respect of this Agreement or any other Financing Document; or (c) any amendment to or modification of any Financing Document or any release of or change in the Collateral or other security for any of the Obligations; whether or not each Obligor shall have notice or knowledge of any of the foregoing.

9.4. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon each Obligor and its successors and assigns (although no Obligor may assign its rights and obligations hereunder) and shall inure to the benefit of Conexant and its successors and permitted assigns. Conexant may assign its rights under this Agreement and the other Financing Documents to any Person that is not a Competitor of Alpha, provided that such Person executes an assignment and assumption in respect of the Revolving Loan and the Commitment hereunder, in form reasonably satisfactory to Alpha. All agreements, statements, representations and warranties made by each Obligor herein or in any certificate or other instrument delivered by such Obligor or on its behalf under this Agreement shall be considered to have been relied upon by Conexant and shall survive the execution and delivery of this Agreement and the other Financing Documents regardless of any investigation made by Conexant or on its behalf.

9.5. GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

9.6. TERMINATION; RELEASE. After the Termination Date, this Agreement shall terminate (provided that all indemnities set forth herein including, without limitation, in Section 8.1 hereof shall survive such termination) and Conexant, at the request and expense of the respective Obligor, will promptly execute and deliver to such Obligor a proper instrument or instruments (including, without limitation, UCC termination statements on Form UCC-3, termination notices to each of the banks or brokers pursuant to any Bank Account Control Agreement and Securities Account Control Agreement entered into with respect to the Collateral, releases of Collateral Assignments of Lease and releases of the U.S. Mortgages and the Mexican Mortgages) acknowledging the satisfaction and termination of this Agreement and the other Financing Documents and the termination of the Liens hereunder and thereunder, and will duly assign, transfer and deliver to such Obligor (without recourse and without any representation or warranty)

such of the Collateral as may be in the possession of Conexant and as has not theretofore been sold or otherwise applied or released pursuant to this Agreement.

9.7. COUNTERPARTS. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with each Obligor and Conexant.

9.8. SEVERABILITY. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

9.9. JURISDICTION; CONSENT TO SERVICE OF PROCESS.

9.9.1. NEW YORK COURTS. Each Obligor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Financing Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that Conexant may otherwise have to bring any action or proceeding relating to this Agreement or the other Financing Documents against any Obligor or its properties in the courts of any other jurisdiction.

9.9.2. VENUE. Each Obligor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Financing Documents in any New York State or Federal court. Each Obligor hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

9.9.3. SERVICE OF PROCESS. Each Obligor irrevocably consents to service of process in the manner provided for notices in Section 9.1. Nothing in this

Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

9.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS AGREEMENT OR THE OTHER FINANCING DOCUMENTS. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER SECURITY DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.10.

9.11. ADDITIONAL SUBSIDIARY OBLIGORS. Alpha shall cause each person that becomes a Subsidiary of Alpha after the Closing Date to execute and deliver to Conexant a Financing Agreement Supplement and such other agreements, financing statements or other documents as Conexant may reasonably request to perfect, protect, and enforce the security interest granted therein, except in the case of any Foreign Subsidiary, to the extent that, in the opinion of recognized counsel practicing in the applicable jurisdiction, such action would be unlawful on the part of such Foreign Subsidiary after taking all reasonable measures consistent with applicable laws to enable such Foreign Subsidiary to execute and deliver such documents. Upon execution and delivery after the date hereof by Conexant and such Subsidiary of a Financing Agreement Supplement, such Subsidiary shall become an Obligor (and, for purposes of Section 3, an Alpha Subsidiary and Guarantor) hereunder with the same force and effect as if originally named as such herein. The execution and delivery of any Financing Agreement Supplement shall not require the consent of any other Obligor hereunder. The rights and obligations of each Obligor hereunder shall remain in full force and effect notwithstanding the addition of any new Obligor as a party to this Agreement.

9.12. CONFIDENTIALITY. Conexant agrees to keep confidential (and to use reasonable efforts to cause its respective agents and representatives to keep confidential) the Information (as defined below) and all copies thereof, extracts therefrom and analyses or other materials based thereon, except that Conexant shall be permitted to disclose Information (a) to such of its respective officers, directors, employees, agents, affiliates and representatives (including, without limitation, attorneys and auditors) as need to know such Information, (b) to the extent requested by any regulatory authority (provided such authority shall be advised of the confidential nature of the Information), (c) to the extent otherwise required by applicable laws and regulations or by any subpoena or

similar legal process, (d) in connection with any suit, action or proceeding relating to the enforcement of its rights hereunder or under any of the other Financing Documents, or (e) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section 9.12 or (ii) becomes available to Conexant on a nonconfidential basis from a source other than Alpha. For the purposes of this Section, "Information" shall mean all financial statements, certificates, reports, agreements and information (including all analyses, compilations and studies prepared by Conexant based on any of the foregoing) that are received from Alpha or its Subsidiaries and are identified as "Confidential" or are a type that would normally be accorded confidential treatment, other than any of the foregoing that were available to Conexant on a nonconfidential basis prior to its disclosure thereto by Alpha or any of its Subsidiaries. In the event that Conexant is required by applicable law, regulation or legal process to disclose any of the Information, Conexant will, to the extent permitted by law, promptly, notify Alpha in writing. In the event that no protective order or other remedy is obtained, or that Alpha does not waive compliance with the terms of this Section, Conexant or its representative will furnish only that portion of the Information which legal counsel, satisfactory to Alpha, advises is legally required and Conexant or its representative shall exercise reasonable efforts at Alpha's expense to preserve the confidentiality of the remainder of the Information. In no event will Conexant, or any representative of Conexant, oppose action by Alpha to obtain a protective order or other relief to prevent the disclosure of the Information or to obtain reliable assurance that confidential treatment will be afforded the Information. The provisions of this Section 9.12 shall remain operative and in full force and effect regardless of the expiration and term of this Agreement.

9.13. ENTIRE AGREEMENT. This Agreement and the other Financing Documents embody the entire agreement and understanding between the Obligors and Conexant and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof. Accordingly, the Financing Documents may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties.

9.14. NO THIRD PARTY BENEFICIARIES. This Agreement shall be binding on and inure solely to the benefit of each party hereto and their permitted successors and assigns and the Indemnitees, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

9.15. WITHHOLDING TAXES. Notwithstanding anything to the contrary in this Agreement or the Purchase Documents, and except as provided in Section 10.11(d) of the Mexicali Asset Purchase Agreement, Alpha and Mexicali shall withhold any Taxes required to be withheld from any amounts payable under this Agreement or any other Financing Document. If any such Taxes are required to be deducted from or in respect of amounts paid to Conexant other than in respect of the Mexicali Note, Alpha shall pay to Conexant,

in the manner provided in Section 1 of the Notes, such amount as may be required so that after making all required deductions for such Taxes, Conexant shall receive an amount equal to the sum it would have received had no such deductions been made. Except as provided in Section 10.11(d) of the Mexicali Asset Purchase Agreement, if any such Taxes accrue and are required to be deducted from or in respect of amounts payable to Conexant in respect of the Mexicali Note, Alpha shall pay to Conexant, in the manner provided in Section 1 of the Notes, such amount as may be required so that after making all required deductions for such Taxes, Conexant shall receive an amount equal to the sum it would have received had only one-half of such deductions been made; provided, however, if Conexant delivers to Alpha an Exchange Notice requesting Alpha's consent to exercise the Exchange Right, and such request is denied by Alpha pursuant to Section 2.4.2.4, to the extent any such Taxes accrue after such Exchange Notice is delivered to Alpha and are required to be deducted from or in respect of amounts payable to Conexant in respect of the Mexicali Note, Alpha shall pay to Conexant, in the manner provided in Section 1 of the Notes, such amount as may be required so that after making all required deductions for such Taxes, Conexant shall receive an amount equal to the sum it would have received had no such deductions been made.

9.16. FOREIGN SUBSIDIARIES. The provisions of this Agreement shall be binding upon and enforceable against Obligors that are Foreign Subsidiaries (other than Mexicali) and with respect to their property and assets only to the extent permitted by applicable law of the jurisdiction in which any such Foreign Subsidiary is organized.

(remainder of this page intentionally left blank -
signature pages follow)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

CONEXANT SYSTEMS, INC.

By: /s/ Dennis E. O'Reilly
---
Name: Dennis E. O'Reilly
Title: Senior Vice President, General Counsel and Secretary

ALPHA INDUSTRIES, INC.,
as an Obligor

By: /s/ Paul E. Vincent
---
Name: Paul E. Vincent
Title: Vice President, Chief Financial Officer, Treasurer and Secretary

ALPHA INDUSTRIES LIMITED,
as an Obligor

By: /s/ Paul E. Vincent
---
Name: Paul E. Vincent
Title: Director

ALPHA SECURITIES CORPORATION,
as an Obligor

By: /s/ Paul E. Vincent
---
Name: Paul E. Vincent
Title: Treasurer and Clerk

TRANS-TECH, INC.,
as an Obligor

By: /s/ Paul E. Vincent
---
Name: Paul E. Vincent
Title: Treasurer and Secretary

AIMTA, INC.,
as an Obligor

By: /s/ Paul E. Vincent
---

Name: Paul E. Vincent
Title: Vice President, Treasurer
and Secretary

CFP HOLDING COMPANY, INC.,
as an Obligor

By: /s/ Paul E. Vincent
---

Name: Paul E. Vincent
Title: Treasurer and Secretary

4067959 CANADA, INC.,
as an Obligor

By: /s/ Daniel N. Yannuzzi
---
Name: Daniel N. Yannuzzi
Title: Secretary

By: /s/ Randolph F. LeVan, Jr.
---
Name: Randolph F. LeVan, Jr.
Title: President

CONEXANT SYSTEMS, S.A. de C.V.,
as an Obligor

By: /s/ Paul E. Vincent
---
Name: Paul E. Vincent

LEADERCO JAPAN KK,
as an Obligor

By: /s/ Mikio Hattori
---
Name: Mikio Hattori
Title: Representative Director

LEADERCO WORLDWIDE, INC.,
as an Obligor

By: /s/ Daniel N.Yannuzzi
---

Name: Daniel N.Yannuzzi
Title: President and Secretary

# DEFINITIONS

1.1. DEFINED TERMS. The following terms shall have the meanings set forth below:

"ACCOUNTS" shall have the meaning set forth in the UCC.

"ACCOUNTS RECEIVABLE" shall mean all Accounts and all right, title and interest in any returned goods, together with all rights, titles, securities and guarantees with respect thereto, including any rights to stoppage in transit, replevin, reclamation and resales, and all related security interests, liens and pledges, whether voluntary or involuntary, in each case whether now existing or owned or hereafter arising or acquired.

"ACQUISITION NOTES" shall mean the Alpha Notes, the Mexicali Note and the Exchange Note, if and when issued, individually and collectively.

"AFFILIATE" shall mean any person which, directly or indirectly, is in control of, is controlled by, or is under common control with, another person. For purposes of this definition, a person shall be deemed to be "controlled by" another person if the latter possesses, directly or indirectly, power either to (a) vote 50% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or other managing body of the former, or (b) direct or cause the direction of the management and policies of the former, whether by contract or otherwise. Notwithstanding the foregoing, no individual shall be deemed to be an Affiliate of a person solely by reason of his or her being a director, officer or employee of such person.

"AGREEMENT" shall mean this Financing Agreement, all Financing Agreement Supplements, and all Exhibits and Schedules.

"ALPHA ASSET PURCHASE AGREEMENT" shall mean the U.S. Asset Purchase Agreement, dated as of December 16, 2001, by and between Alpha and Conexant, as amended by the Amendment No. 1 to the U.S. Asset Purchase Agreement, dated as of June 25, 2002, by and between Alpha and Conexant, as the same may be further amended, supplemented or modified from time to time.

"ALPHA EXCHANGE NOTE" shall mean the promissory note issued pursuant to Section 2.4.4, substantially in the form annexed as Exhibit B-2, duly completed in accordance with Section 2.4.4.2.

"ALPHA INDUSTRIES GMBH" shall mean Alpha Industries GmbH, a company organized under the laws of Germany and Wholly-owned Subsidiary of Alpha.

"ALPHA FSC" shall mean Alpha FSC, Inc., a company organized under the laws of Barbados.

"ALPHA NOTES" shall mean (i) the Stock Purchase Note, (ii) the U.S. Asset Purchase Note and (iii) the Alpha Exchange Note, individually and collectively.

"ALPHA OBLIGATIONS" shall mean (i) the payment when due (whether at the stated maturity, by acceleration or otherwise) of principal of and interest on each Revolving Loan and each of the Alpha Notes, and (ii) the payment and performance of all obligations of Alpha under this Agreement and the other Financing Documents.

"ALPHA STOCK PURCHASE AGREEMENT" shall mean the Mexican Stock Purchase Agreement, dated as of June 25, 2002, by and between Alpha and Conexant, as the same may be amended, supplemented or modified from time to time.

"APPLICABLE RATE" shall mean, with respect to any Revolving Loan and any Acquisition Note, a per annum rate of interest equal to:

(i) for the period commencing on (and including) the Closing Date to (but excluding) the 90th day following the Closing Date, ten percent (10%);

(ii) for the period commencing on (and including) the 90th day following the Closing Date to (but excluding) the 180th day following the Closing Date, twelve percent (12%); and

(iii) for the period commencing on (and including) the 180th day following the Closing Date to (but excluding) the Maturity Date, fifteen percent (15%).

"ASSET SALE" shall mean the sale, transfer or other disposition (by way of merger or otherwise and including by way of a sale and leaseback) by Alpha or any of its Subsidiaries to any person of (a) any capital stock of any Subsidiary (other than directors' qualifying shares) or (b) any other assets of Alpha or any of its Subsidiaries.

"AVAILABILITY PERIOD" shall mean the period commencing on July 10, 2002 and ending on the Expiration Date.

"AVAILABLE CASH" shall mean, at any time, the aggregate amount, determined on a consolidated basis for Alpha and its Subsidiaries, of all cash, cash equivalents and marketable securities held by Alpha and its Subsidiaries, as shown on its most recent monthly balance sheet as of the time any determination of Available Cash is required to be made.

"BANK ACCOUNT CONTROL AGREEMENT" shall mean the Bank Collateral Account Agreement among Alpha or any Alpha Subsidiary, Conexant, and each bank depositary of Alpha or any Alpha Subsidiary, in form and substance reasonably satisfactory to each party thereto in respect of the Deposit Accounts listed in Schedule 5.2.1 and Schedule 1 of any Financing Agreement Supplement.

"BANKRUPTCY EVENT" shall mean any event of the type set forth in clause (e) or (f) of the definition of Event of Default.

"BORROWER ACCOUNT" shall mean Alpha's account set forth below or such other bank account of Alpha as Alpha may from time to time designate in a written notice to Conexant.

| | |
|---|---|
| Bank Name: | Fleet Bank, 100 Federal Street, Boston, MA 02110 |
| ABA# | 011-000-138 |
| Account No. | 0058269168 |
| Beneficiary Name: | Alpha Industries, Inc. |

"BUSINESS DAY" shall mean any day other than a Saturday, Sunday or other day when banks are authorized or required to be closed in California, Massachusetts or Michigan and, in the case of any payment required to be made by or to Mexicali, Mexico.

"CAPITAL EXPENDITURES" shall mean, for any period, the aggregate, without duplication, of all expenditures (whether paid in cash or other consideration or accrued as a liability) by Alpha or any of its Subsidiaries during such period (or, in the case of a newly formed or acquired Subsidiary, during the portion of such period when such person was a Subsidiary) that, in accordance with GAAP, are includible in "additions to property, plant and equipment" or similar items reflected in the consolidated statement of cash flows of Alpha and its Subsidiaries for such period (or, in the case of a newly formed or acquired Subsidiary, during the portion of such period when such person was a Subsidiary) including expenditures for assets leased by Alpha or any of its Subsidiaries under Capital Lease Obligations to the extent classified as Capital Lease Obligations.

"CAPITAL LEASE OBLIGATIONS" shall mean as to any person, the obligations of such person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"CHANGE OF CONTROL" shall be deemed to have occurred if: (A) any person or group (within the meaning of Rule 13d-5 of the Securities Exchange Act of 1934, as in effect on the date hereof, shall own, directly or indirectly, beneficially or of record, shares representing more than 25% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of Alpha, or (B) the Continuing Directors shall at any time cease to constitute a majority of the board of directors of Alpha.

"CHATTEL PAPER" shall have the meaning set forth in the UCC.

"CLOSING CERTIFICATE" shall mean a certificate issued by an authorized executive officer of Alpha and each Alpha Subsidiary, substantially in the form annexed as

Exhibit C-1 duly completed in respect of each Alpha Subsidiary that was a Subsidiary of Washington immediately prior to the Merger and substantially in the form annexed as Exhibit C-2 duly completed in respect of all other Obligors.

"CLOSING DATE" shall mean June 25, 2002 or such other date as may be agreed in writing by Conexant and Alpha.

"COLLATERAL" shall mean, with respect to any Obligor, all of the property and assets (tangible and intangible) of every kind in which such Obligor has any right, title or interest, now existing or hereafter acquired, including all of such Obligor's (a) Accounts Receivable, (b) Documents, (c) Equipment, (d) General Intangibles (including Payment Intangibles and Contracts), (e) Inventory, (f) Deposit Accounts, (g) Supporting Obligations, (h) Letter of Credit Rights, (i) Software, (j) Chattel Paper, (k) Commercial Tort Claims, (l) Instruments, (m) Investment Property, (n) cash and cash accounts, (o) letters of credit, (p) Goods, (q) Pledged Securities, (r) Intellectual Property and (s) without duplication, Proceeds; provided, that the Collateral shall not include Excluded Property.

"COLLATERAL ASSIGNMENT OF LEASES" shall mean those certain collateral assignment of lease agreements, dated as of the Closing Date for the leased properties set forth in Schedule II.

"COMMERCIAL TORT CLAIMS" shall have the meaning set forth in the UCC.

"COMMODITY ACCOUNT", "COMMODITY CONTRACT", "COMMODITY CUSTOMER" and "COMMODITY INTERMEDIARY" shall have the meanings set forth in the UCC.

"COMPETITOR OF ALPHA" shall mean any person, other than Conexant or any Subsidiary, division or business unit of Conexant (including Mindspeed), which derives more than 10% of its revenues from any businesses as are conducted by Alpha and its Subsidiaries.

"COMPLIANCE CERTIFICATE" shall mean a certificate issued by Alpha, substantially in the form annexed as Exhibit D duly completed.

"CONTINGENT OBLIGATION" shall mean, as to any person, any direct or indirect liability of that person, whether or not contingent, with or without recourse, (a) with respect to any Indebtedness, lease, dividend, letter of credit or other obligation (the "PRIMARY OBLIGATIONS") of another person (the "PRIMARY OBLIGOR"), including any obligation of that person (i) to purchase, repurchase or otherwise acquire such primary obligations or any security therefor, (ii) to advance or provide funds for the payment or discharge of any such primary obligation, or to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (iv) otherwise to assure or hold harmless the holder of any such primary obligation against loss in respect

thereof (each, a "GUARANTY OBLIGATION"); (b) with respect to any surety instrument (other than any letter of credit) issued for the account of that person or as to which that person is otherwise liable for reimbursement of drawings or payments; and (c) with respect to any Hedging Agreement. The amount of any Contingent Obligation shall be deemed equal to (x) in the case of any Guaranty Obligation, the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made, or if not stated or if indeterminable, the reasonably anticipated maximum liability in respect thereof, and (y) in the case of any other Contingent Obligation, the reasonably anticipated maximum liability in respect thereof.

"CONTINUING DIRECTOR" shall mean any member of Alpha's board of directors who either (i) is a member of such board as of the Closing Date or (ii) is thereafter elected to such board, or nominated for election by stockholders, by a vote of at least two-thirds of the directors at the time of such vote who are Continuing Directors.

"CONTRACTS" shall mean all contracts, leases and agreements (other than Licenses) between any Obligor and one or more additional parties.

"CONTRIBUTION AGREEMENT" shall mean the Contribution and Distribution Agreement, dated as of December 16, 2001, as amended as of June 25, 2002, by and between Conexant and Washington.

"COPYRIGHT LICENSE" shall mean any written agreement, now or hereafter in effect, granting any right to any third party under any Copyright, now or hereafter owned, by any Obligor or which such Obligor otherwise has the right to license, or granting any right to such Obligor under any Copyright, now or hereafter owned, by any third party, and all rights of such Obligor under any such agreement.

"COPYRIGHTS" shall mean all of the following now owned or hereafter acquired by any Obligor: (a) all copyright rights in any work subject to the copyright laws of the United States, whether as author, assignee, transferee or otherwise, whether statutory or common law, whether or not the underlying works of authorship have been published, and all copyrights of works based on, incorporated in, derived from or relating to works covered by such copyrights, all right, title and interest to make and exploit all derivative works based on or adopted from works covered by such copyrights, and (b) all registrations and applications for registration of any such copyright in the United States, including registrations, recordings, supplemental registrations and pending applications for registration in the United States Copyright Office. Copyrights shall include, without limitation, (i) the right to print, publish and distribute any of the foregoing, (ii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, and (iii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all Copyright Licenses entered into in connection therewith, and damages and payments for past or future infringements thereof).

"DEFAULT" shall mean any event which, with notice or lapse of time, or both, would constitute an Event of Default.

"DEPOSIT ACCOUNTS" shall have the meaning set forth in the UCC and shall include the accounts listed on Schedule 5.2.1 and Schedule 1 of any Financing Agreement Supplement.

"DOCUMENTS" shall have the meaning set forth in the UCC.

"DOMESTIC SUBSIDIARIES" shall mean all Subsidiaries incorporated or organized under the laws of the United States of America, any state thereof or the District of Columbia.

"ELIGIBLE RECEIVABLES" shall mean the Accounts Receivable set forth in Schedule I.

"ELECTRONIC CHATTEL PAPER" shall have the meaning set forth in the UCC.

"EQUIPMENT" shall have the meaning set forth in the UCC and, in any event, shall include, but shall not be limited to, all machinery, equipment, furnishings, fixtures and vehicles, now or hereafter owned by any Obligor, and any and all additions, substitutions and replacements of any of the foregoing, wherever located, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto.

"EVENT OF DEFAULT" shall mean the occurrence of any one or more of the following:

(a) any representation or warranty made herein or in any other Financing Document by any Obligor shall prove to have been false or misleading in any material respect when so made or furnished; or

(b) Alpha or Mexicali shall fail to pay (i) any installment of principal when the same may become due and payable under any Revolving Loans or any of the Notes or (ii) any installment of interest under any Revolving Loans or any of the Notes or any other amount (other than an amount referred to in clause (i)) when the same shall have become due and payable under any Financing Document and such failure shall continue unremedied for a period of five (5) days; or

(c) any Obligor (other than Alpha) shall fail to pay any Obligation guarantied under this Agreement within five (5) days after demand for payment by Conexant; or

(d) any Obligor shall fail to observe or perform any of the covenants, conditions or agreements contained in this Agreement or any other Financing Document (other than those referred to in clause (b) or (c) above) for a period of thirty (30) days after written notice shall have been given by Conexant to Alpha specifying such failure and requiring Alpha to remedy the same; or

(e) any Obligor or any of its Subsidiaries shall become insolvent or generally fail to pay, or admit in writing its inability to pay, its debts as they become due, or shall voluntarily commence any proceeding or file any petition under any bankruptcy, insolvency or similar federal, state or foreign law or seeking dissolution, liquidation or reorganization or the appointment of a receiver, trustee, custodian or liquidator for it or a substantial portion of its property, assets or business or to effect a plan or other arrangement with its creditors, or shall file any answer admitting the jurisdiction of the court and the material allegations of an involuntary petition filed against it in any bankruptcy, insolvency or similar proceeding, or shall be adjudicated bankrupt, or shall make a general assignment for the benefit of creditors, or shall consent to, or acquiesce in the appointment of, a receiver, trustee, custodian or liquidator for a substantial portion of its property, assets or business, or shall by any act or failure to act indicate its consent to or approval of any of the foregoing, or if any corporate action is taken by the Obligor or any of its Subsidiaries for the purpose of effecting any of the foregoing; or

(f) involuntary proceedings or an involuntary petition shall be commenced or filed against any Obligor or any of its Subsidiaries under any bankruptcy, insolvency or similar federal, state or foreign law or seeking the dissolution, liquidation or reorganization of it or the appointment of a receiver, trustee, custodian or liquidator for it or of a substantial part of its property, assets or business, and such proceedings or petition shall not be dismissed within sixty (60) days; or any writ, judgment, tax lien, warrant of attachment, execution or similar process shall be issued or levied against a substantial part of its property, assets or business, and such writ, judgment, lien, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded, within sixty (60) days after commencement, filing or levy, as the case may be, or any order for relief shall be entered in any such proceeding; or any winding-up, dissolution, liquidation or reorganization of any Obligor or any of its Subsidiaries; or

(g) this Agreement, any Note or any Security Document (other than any Foreign Pledge Agreement) shall cease to be in full force and effect or any Obligor shall so assert in writing; or

(h) the Financing Documents shall cease to give Conexant the liens, rights, powers and privileges purported to be created thereby, including, to the extent acquired, a valid, perfected, first priority (except as otherwise provided by this Agreement) security interest in, and lien on, any material portion of the securities, assets or properties covered thereby, except to the extent any such loss of perfection or priority results from the failure of Conexant to maintain possession of certificates representing securities pledged herein and except to the extent that such loss is covered by a lender's title insurance policy and the related insurer promptly after such loss shall have acknowledged in writing that such loss is covered by such title insurance policy; or

(i) any Obligor or any of its Subsidiaries shall fail to pay any principal of or interest on any indebtedness for borrowed money that is outstanding in principal amount of at least $1,000,000 in the aggregate of such Obligor or such Subsidiary, when the same becomes due and payable (whether by scheduled maturity, mandatory prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such indebtedness; or any other event shall occur or condition shall exist under any agreement or instrument relating to such indebtedness and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such indebtedness; or any such indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased, or an offer to prepay, redeem, purchase or defease such indebtedness shall be required to be made, in each case prior to the stated maturity thereof; or

(j) one or more judgments or orders for the payment of money which is not covered by insurance and, in the aggregate, is in excess of $10,000,000 shall be rendered against any Obligor or any of its Subsidiaries and the same shall remain undischarged for a period of thirty (30) consecutive days during which a stay of enforcement of such judgment or order shall not be in effect, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of any of the Obligors or their Subsidiaries to enforce such judgment; or

(k) there shall have occurred a Change of Control; or

(l) there shall have occurred a liquidation, dissolution or winding up of any of the Obligors or their Subsidiaries or any corporate action is taken by any Obligor or any of its Subsidiaries for the purpose of effecting any of the foregoing.

"EXCESS CASH" shall mean, for any month, the amount by which (x) Available Cash exceeds (y) $60,000,000, as of the close of business on the last Business Day of the month.

"EXCESS CASH PAYMENT DATE" shall mean the date occurring 10 Business Days after the last day of each calendar month.

"EXCHANGE NOTICE" shall mean the notice exercising the Exchange Right, substantially in the form annexed as Exhibit F, appropriately completed in accordance with Section 2.4.3.

"EXCHANGE RIGHT" shall have the meaning set forth in Section 2.4.

"EXCLUDED LICENSES" shall mean various technology Licenses, cross Licenses comprising covenants not to sue, and so-called reusable IP Licenses which contain provisions

prohibiting the grant hereunder of a security interest therein without the consent of other persons.

"EXCLUDED LOSS" shall mean any Loss caused by any circumstance, event or condition, existing as of the Closing Date, that affects any property directly or indirectly acquired by Alpha in the Merger or pursuant to the Purchase Documents, including any Lien on any such property, any liability associated with the ownership or control of such property (under environmental laws or otherwise), or any claim that the transfer of any such property to Alpha violated any applicable law, rule, regulation, order or Contract binding on any such property, Conexant or any Subsidiary of Conexant.

"EXCLUDED PROPERTY" shall mean (i) the Contracts which contain provisions prohibiting the grant hereunder of a security interest therein without the consent of other persons ("EXCLUDED CONTRACT"), and (ii) Excluded Licenses; provided that to the extent that any necessary consent is obtained to grant a security interest in any such Excluded Contract and/or Excluded License, such Excluded Contract and/or Excluded License, as the case may be, shall no longer constitute Excluded Property and shall become Collateral hereunder; provided, however, that notwithstanding the foregoing, all rights to payment for money due or to become due pursuant to any such Excluded Contract or Excluded License shall be subject to the security interests created by this Agreement.

"EXCLUDED SUBSIDIARY" shall mean (i) Alpha Industries GmbH and (ii) Alpha FSC, Inc.

"EXPIRATION DATE" means the first to occur of (i) the date 364 calendar days after the Closing Date, and (ii) any date on which the Commitments are terminated in accordance with the provisions of this Agreement.

"FIANZA" shall mean that certain General Continuing Guaranty Agreement, that is enforceable under the laws of Mexico, executed and delivered in favor of Conexant by Mexicali, and in form and substance satisfactory to Conexant.

"FINANCING AGREEMENT SUPPLEMENT" shall mean the instrument annexed as Exhibit E duly completed in accordance with Section 9.11 of this Agreement.

"FINANCING DOCUMENTS" shall mean this Agreement, the Security Documents, any Financing Agreement Supplement, the Alpha Notes, the Revolving Note, the Mexicali Note, the Closing Certificate, any Compliance Certificate, and any other document, instrument or certificate required by this Agreement or any Security Document to be delivered to Conexant by or on behalf of any Obligor, individually and collectively.

"FIXTURES" shall have the meaning set forth in the UCC.

"FOREIGN PLEDGE AGREEMENTS" shall mean (i) the Mexicali Stock Pledge Agreement, (ii) the Share Mortgage referred to in Section 2.3.9.7, (iii) the Statement of Pledge

of Share Account Declaration and (iv) the Certificate of Pledge referred to in Section 2.3.9.3, individually and collectively.

"FOREIGN SUBSIDIARY" shall mean any Subsidiary that is not a Domestic Subsidiary.

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

"GENERAL INTANGIBLES" shall have the meaning set forth in the UCC.

"GOODS" shall have the meaning set forth in the UCC.

"GOVERNMENTAL AUTHORITY" shall mean any nation or government, any state or other political subdivision thereof, and any federal, state, local or foreign court or governmental, executive, legislative, judicial, administrative or regulatory agency, department, authority, instrumentality, commission, board or similar body.

"GUARANTY" shall mean the guaranty of the Obligations set forth in Section 3 of this Agreement.

"GUARANTOR" shall mean Alpha, each Alpha Subsidiary and each person that becomes an Obligor pursuant to Section 9.11 of this Agreement, individually and collectively.

"HEDGING AGREEMENT" shall mean any interest rate, currency, or commodity swap agreement, exchange agreement, hedging arrangement or similar agreement or arrangement designed to protect against fluctuations in interest rates, currency exchange rates or commodity prices, including any futures contract, forward contract or option agreement.

"INDEBTEDNESS" shall mean, as to any person, without duplication, (a) all indebtedness of such person (i) evidenced by any notes, bonds, debentures or similar instruments made or issued by such person, (ii) for borrowed money, or (iii) for the deferred purchase price of property or services, (b) the face amount of all letters of credit or banker's acceptances issued for the account of such person, (c) all indebtedness secured by any Lien on any property owned by such person, whether or not such indebtedness has been assumed by such person, (d) the aggregate amount of Capital Lease Obligations, (e) all repurchase obligations of such person pursuant to which such person has agreed to repurchase on a future date properties or assets previously transferred by it, for a specified price, (f) all Contingent Obligations of such person with respect to the Indebtedness of others, (g) all obligations of such person in respect of Hedging Agreements, and (h) all obligations under any "synthetic leases" or in respect of any "minority interest" in a person primarily engaged in financing activities, excluding, however, from each of clauses (a) through (h) inclusive (1) all accounts payable and accrued obligations incurred in the ordinary course of business, due and payable within 90 days of the earlier of shipment and invoice and accounted for as current liabilities, or, if such obligations are past due, to the extent the same are being disputed in good faith by appropriate proceedings so long as adequate reserves are maintained therefor in accordance

with GAAP, and (2) obligations under leases, excluding in all cases for the purposes of this clause (2), any "synthetic leases", which are, in accordance with GAAP, accounted for as operating leases. The Indebtedness of any person shall include the Indebtedness of any partnership in which such person is a general partner, solely to the extent such Indebtedness is recourse to such person or all or a portion of such person's assets either expressly, by operation of law or otherwise.

"INDEMNITEE" shall have the meaning set forth in Section 8.1 of this Agreement.

"INSTRUMENT" shall have the meaning set forth in the UCC.

"INTELLECTUAL PROPERTY" shall mean all intellectual and similar property of any Obligor of every kind and nature, including inventions, designs, Patents, Copyrights, Licenses, Trademarks, trade secrets, confidential or proprietary technical and business information, know-how, show-how or other data or information, software and databases and all embodiments or fixations thereof and related documentation, registrations and franchises, and all additions, improvements and accessions to, and books and records describing or used in connection with, any of the foregoing.

"INVENTORY" shall have the meaning set forth in the UCC.

"INVESTMENT" means any investment in any Person, whether by means of an acquisition of securities, share capital, partnership, joint venture or other equity investment, capital contribution, profit sharing arrangement, loan, guarantee, advance, deposit or otherwise.

"INVESTMENT PROPERTY" shall have the meaning set forth in the UCC.

"LETTER OF CREDIT RIGHTS" shall have the meaning set forth in the UCC.

"LICENSE" shall mean any Patent License, Trademark License, Copyright License or other license or sublicense to which any Obligor is a party.

"LIENS" shall mean any security interest, mortgage, pledge, hypothecation, lien, claim, charge, encumbrance, title retention agreement, lessor's interest in a financing lease or analogous instrument, in, of, or on any Obligor's property, and any option, warrant, purchase or subscription right, transfer restriction or other encumbrance on any capital stock of any Subsidiary of Alpha.

"LOSS" shall have the meaning set forth in Section 8.1.

"MARGIN STOCK" shall have the meaning set forth in Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect.

"MATERIAL ADVERSE EFFECT" means any event, condition or circumstance which materially and adversely affects (i) the business, operations, properties or condition (financial or other) of Alpha and its Subsidiaries, taken as a whole, or (ii) the ability of any Obligor to perform its obligations under the Financing Documents or (iii) the rights or remedies of Conexant under any of the Financing Documents or (iv) the perfection or priority of any Lien on any item of Collateral granted by any of the Security Documents from that in effect on the Closing Date or (v) the legality, validity or enforceability of any provision in any of the Financing Documents from that in effect on the Closing Date.

"MATERIAL ITEM" shall mean any property that is Collateral except for any particular property that (x) is not material to the business, operations or condition (financial or other) of any Obligor and (y) has a book value of less than $100,000.

"MATURITY DATE" shall mean the date 364 calendar days after the Closing Date.

"MERGER" shall mean the merger of Washington with and into Alpha pursuant to the Merger Agreement.

"MERGER AGREEMENT" shall mean the Agreement and Plan of Reorganization, dated as of December 16, 2001, as amended as of April 12, 2002, by and among Conexant, Alpha and Washington.

"MEXICALI ASSET PURCHASE AGREEMENT" shall mean the Amended and Restated Mexican Asset Purchase Agreement, dated as of June 25, 2002, by and between Alpha and Conexant, as the same may be amended, supplemented or modified from time to time.

"MEXICALI NOTE" shall mean the promissory note issued by Mexicali to Conexant pursuant to Section 2.4 of the Mexicali Asset Purchase Agreement, in the form annexed as Exhibit B-4.

"MEXICALI OBLIGATIONS" shall mean (i) the payment when due (whether at the stated maturity, by acceleration or otherwise) of principal of and interest on the Mexicali Note, and (ii) the payment and performance of all obligations of Mexicali under the Mexican Security Documents.

"MEXICAN MORTGAGES" shall mean that certain Mortgage Agreement, dated as of the Closing Date, in the form annexed as Exhibit H.

"MEXICAN SECURITY DOCUMENTS" shall mean the Mexican Mortgages, the Fianza, the Mexican Stock Pledge Agreement, and each document or instrument provided pursuant to Section 2.4.7 from time to time.

"MEXICAN STOCK PLEDGE AGREEMENT" shall mean that certain Stock Pledge Agreement by and among Alpha, LeaderCo Worldwide, Inc., Mexicali and Conexant in the form annexed as Exhibit I.

"NET CASH PROCEEDS" shall mean (a) with respect to any Asset Sale, the cash proceeds (including cash proceeds subsequently received (as and when received) in respect of non-cash consideration initially received and including all insurance settlements and condemnation awards from any single event or series of related events), net of transaction expenses (including reasonable broker's fees or commissions, legal fees, accounting fees, investment banking fees and other professional fees, and transfer and similar taxes) and (b) with respect to any creation or incurrence of Indebtedness, the issuance or sale of capital stock of Alpha or its Subsidiaries, the cash proceeds thereof, net of all taxes and customary fees, commissions, costs and other expenses (including reasonable broker's fees or commissions, legal fees, accounting fees, investment banking fees and other professional fees, and underwriter's discounts and commissions) incurred in connection therewith.

"NOTES" shall mean the Acquisition Notes and the Revolving Note, if issued, individually and collectively.

"NOTICE OF BORROWING" means a notice, substantially in the form annexed as Exhibit K, appropriately completed in conformity with Section 2.1.3.

"OBLIGATIONS" shall mean (i) the Alpha Obligations; (ii) the Mexicali Obligations; (iii) the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all obligations and indebtedness (including, without limitation, indemnities, fees and interest thereon) of each Obligor to Conexant, whether now existing or hereafter incurred under, arising out of, or in connection with this Agreement and the other Financing Documents (including, in the case of each Alpha Subsidiary, all such obligations and indebtedness under the Guaranty) and the due performance and compliance by such Obligor with all of the terms, conditions and agreements contained in this Agreement and the other Financing Documents; (iv) any and all sums advanced by Conexant in order to preserve the Collateral or preserve its security interest in the Collateral; (v) in the event of any proceeding for the collection or enforcement of any indebtedness, obligations or liabilities of such Obligor referred to in clause (i) or (ii) above, after an Event of Default shall have occurred and be continuing, the reasonable expenses of retaking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing on the Collateral, or of any exercise by Conexant of its rights hereunder, together with reasonable attorneys' fees and court costs; and (iv) all amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement under Section 8.1 of this Agreement.

"OBLIGORS" shall mean Alpha, the Alpha Subsidiaries and any person that becomes an Obligor pursuant to Section 9.11 of this Agreement, individually and collectively.

"PATENT LICENSE" shall mean any written agreement, now or hereafter in effect, granting to any third party any right to make, use, sell, offer for sale, or import any invention on which a Patent, now or hereafter owned by any Obligor or which any Obligor otherwise has the right to license, is in existence, or granting to any Obligor any right to make, use, sell, offer for sale, or import any invention on which a Patent, now or hereafter owned by any third party, is in existence, and all rights of any Obligor under any such agreement.

"PATENTS" shall mean all of the following now owned or hereafter acquired by any Obligor: (a) all letters patent of the United States, all registrations and recordings thereof, and all applications for letters patent of the United States, including registrations, recordings and pending applications in the United States Patent and Trademark Office, and (b) all reissues, continuations, divisions, continuations-in-part, provisionals, substitutes, renewals or extensions thereof, and the inventions disclosed or claimed therein, including the right to make, use, sell, offer for sale and/or import the inventions disclosed or claimed therein. Patents shall include without limitation (i) all inventions and improvements described or claimed therein, (ii) the right to sue or otherwise recover for any infringements or misappropriations thereof, and (iii) all income, royalties, damages and other payments now and hereinafter due and/or payable with respect thereto (including, without limitation, patents under all Patent Licenses entered into in connection therewith, and damages and payments for past and future infringements thereof).

"PAYMENT INTANGIBLES" shall have the meaning set forth in the UCC.

"PERMITTED INVESTMENTS" shall mean, as to any person, (a) Investments made by Alpha in accordance with its Investment Policy as adopted by Alpha in January, 2000 (as the same may be amended from time to time with the approval of Conexant); provided, that no Investments denominated in any currency other than United States dollars other than foreign currency deposits held in bank accounts of Foreign Subsidiaries to fund current operations in the normal course of business shall be made during the term of this Agreement without Conexant's prior written consent; (b) Investments existing on the date hereof and any other Investments that may be distributed thereon or in exchange or conversion thereof or in substitution therefor; (c) Capital Expenditures to the extent permitted by this Agreement; (d) cash collateral provided to Conexant pursuant to the Financing Documents; (e) Contingent Obligations of any person, acquired in the ordinary course of business; (f) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of suppliers and customers and in good faith settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business; (g) intercompany loans and advances to a Subsidiary of Alpha to fund working capital needs incurred in the ordinary course of business consistent with past practice; provided that the aggregate amount of such Investments made after the Closing Date in any Excluded Subsidiary or Restricted Subsidiary shall be subject to the limitations in Section 7.18; (h) Investments consisting of Hedging Agreements entered into in the ordinary course of business consistent with past practice and not for the purpose of speculation; (i) capital stock of any Person that is a Subsidiary of any Obligor on the Closing Date, after giving effect to the Merger and the Purchase Documents; (j) loans or advances from any Obligor or its Subsidiaries to its directors, officers and employees in the ordinary course of business consistent with past practice and (k) accounts payable (or advances or extensions of credit to customers payable within 90 days for inventory or services purchased from any Obligor) arising in the ordinary course of business.

"PERMITTED LIENS" shall mean (i) Liens for taxes, assessments and governmental charges or levies on property not yet due and payable or which are being

contested in good faith and for which appropriate reserves are maintained, (ii) Liens imposed by law, such as landlords', materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business securing obligations that are not overdue for a period of more than thirty (30) days, (iii) pledges or deposits to secure obligations under workers' compensation laws or similar legislation, to secure the performance of bids, trade contracts (other than Indebtedness), leases (other than Capital Lease Obligations), letters of credit, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business or to secure public or statutory obligations, not to exceed $10,000,000 at any one time outstanding, (iv) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods, (v) Liens for Purchase Money Indebtedness or Capital Lease Obligations, provided such Indebtedness is permitted by the terms of this Agreement and the Lien applies only to the property that is acquired with the proceeds of the Purchase Money Indebtedness or is leased pursuant to such Capital Lease Obligation (or proceeds of such acquired property), (vi) Liens expressly permitted or granted by the Financing Documents, (vii) Liens on property acquired pursuant to the Purchase Documents which existed at the time such property was acquired, (viii) Liens on property of the successor entity to Washington, any Subsidiary of the Washington successor or Mexicali which existed prior to the Merger or resulted from the Spin-Off, the Merger or the Purchase Transactions, (ix) the Liens set forth in Schedule III hereto, (x) easements, rights of way, zoning restrictions, encroachments and other minor defects or irregularities in title, in each case which do not (1) evidence or secure Indebtedness or any other monetary obligation, and (2) will not make the real property unmarketable or interfere in any material respect with the ordinary conduct of the business of Alpha and its Subsidiaries at the real property so encumbered, (xi) any interest or title of a lessor or sublessor under any lease of real estate permitted under the Financing Documents, (xii) Liens arising from the rendering of a final judgment or order that does not give rise to an Event of Default or other similar Liens (not exceeding $10,000,000 in the aggregate) arising in connection with legal proceedings so long as the execution or other enforcement thereof is effectively stayed and the claims secured thereby are being contested in good faith by appropriate proceedings and such Obligor has established appropriate reserves against such claims in accordance with GAAP, (xiii) Liens securing Refinancing Indebtedness permitted in accordance with Section 7.12, (xiv) bank setoff rights arising in the ordinary course of business, and (xv) any extension, renewal or replacement (or successive extension, renewal, or replacement) in whole or in part, of any Lien referred to in the foregoing clauses (i) through (xiv) inclusive; provided, however, that the principal amount of the Indebtedness or other obligation secured thereby shall not exceed the principal amount of the Indebtedness or other obligation so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to all or a part of the property which secured the Lien so extended, renewed or replaced (plus improvements on such property).

"PERSON" shall mean any individual, partnership, limited partnership, company, joint venture, firm, corporation, sociedad anonima, association, trust or other enterprise or any government or political subdivision or any agency, department or instrumentality thereof.

"PLEDGED SECURITIES" shall mean any and all Pledged Stock or any other Security now or hereafter included in the Collateral and shall include those set forth on Schedule 5.2.1 and Schedule 1 of any Financing Agreement Supplement.

"PLEDGED STOCK" shall mean the shares of capital stock of each direct or indirect Subsidiary of Alpha owned by Alpha or any Subsidiary other than the Excluded Subsidiaries, including any and all certificates and other instruments now or hereafter evidencing any such capital stock and shall include those set forth on Schedule 5.2.1 and Schedule 1 of any Financing Agreement Supplement.

"PROCEEDS" shall have the meaning provided in the UCC or under other relevant law and, in any event, shall include, but not be limited to, (i) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to Conexant or any Obligor from time to time with respect to any of the Collateral, (ii) any and all payments (in any form whatsoever) made or due and payable to any Obligor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental authority (or any person acting under color of governmental authority), (iii) any and all other amounts from time to time paid or payable under, or in connection with, any of the Collateral, including from the sale, exchange, license, lease or other disposition of any asset or property that constitutes Collateral, any value received as a consequence of the possession of any Collateral and any payment received from any insurer or other person or entity as a result of the destruction, loss, theft, damage or other involuntary conversion of whatever nature of any asset or property which constitutes Collateral, and shall include (a) all cash and negotiable instruments received by or held on behalf of Conexant, (b) any claim of any Obligor against any third party for (and the right to sue and recover for and the rights to damages or profits due or accrued arising out of or in connection with) (w) past, present or future infringement of any Patent now or hereafter owned by any Obligor, or licensed under a Patent License, (x) past, present or future infringement or dilution of any Trademark now or hereafter owned by any Obligor or licensed under a Trademark License or injury to the goodwill associated with or symbolized by any Trademark now or hereafter owned by any Obligor, (y) past, present or future breach of any License, and (z) past, present or future infringement of any Copyright now or hereafter owned by any Obligor or licensed under a Copyright License.

"PURCHASE DOCUMENTS" shall mean the Alpha Asset Purchase Agreement, the Alpha Stock Purchase Agreement and the Mexicali Asset Purchase Agreement, individually and collectively.

"PURCHASE MONEY INDEBTEDNESS" shall mean any Indebtedness of a person to any seller or other person incurred to finance the acquisition (including in the case of a Capital Lease Obligation, the lease) of any after acquired real or personal tangible property or assets related to the business of Alpha or its Subsidiaries and which is incurred substantially concurrently with such acquisition and is secured only by the assets so financed.

"REAL PROPERTY" shall mean, with respect to any person, the right, title and interest of such person in and to land, improvements and fixtures, including leaseholds.

"RELEVANT TRANSACTION" shall mean (A) any Asset Sale other than those referred to in Section 7.8(a) through (d), Section 7.8(e) to the extent Net Sale Proceeds may, in accordance with the terms thereof, be used to acquire replacement property or be released to Alpha or a Subsidiary of Alpha and Section 7.8(f); provided that nothing herein shall be deemed to authorize any Asset Sale not expressly permitted by Section 7.8, (B) the issuance of any debt securities (including debt securities convertible into, or exchangeable or exercisable for, equity securities) or the incurrence of any indebtedness for borrowed money pursuant to Section 7.12(a)(iv), and (C) the issuance of any equity securities (including shares of capital stock of any class or any securities convertible into or exercisable for, or any rights, warrants, calls or options to acquire, any such shares) by Alpha or any Subsidiaries of Alpha, other than (i) any issuance pursuant to warrants, calls or options to acquire shares of Alpha or any of its Subsidiaries issued prior to the Closing Date, (ii) any issuance of equity securities to employees, officers or directors of Alpha or any of its Subsidiaries (including Washington and its Subsidiaries) in connection with equity-based compensation arrangements in the ordinary course of business, (iii) any issuance or equity securities by a Subsidiary of Alpha solely to Alpha or another Wholly-owned Subsidiary of Alpha, and (iv) any common stock of Alpha issued pursuant to the Warrant dated June 25, 2002 issued by Alpha to Jazz Semiconductor, Inc.

"RESERVE" shall mean (i) $0, at any time when the amount of Eligible Receivables exceeds $150,000,000, and (ii) $25,000,000, at any other time.

"RESTRICTED PAYMENT" means any action referred to in Section 7.10.

"RESTRICTED SUBSIDIARY" shall mean (i) each organization listed in Schedule V, (ii) any other Subsidiary of Alpha, other than an Excluded Subsidiary, which (x) is not an Obligor or (y) has not procured for Conexant a fully perfected, first-priority Lien on all or substantially all of its property and assets pursuant to documentation reasonably satisfactory to Conexant.

"REVOLVING LOAN" shall mean any loan made pursuant to Section 2.1.2.

"REVOLVING NOTE" shall mean any note issued pursuant to Section 2.1.6.

"SECURITIES ACCOUNT CONTROL AGREEMENT" shall mean the Securities Account Control Agreement among Alpha or any Alpha Subsidiary, Conexant and the Securities Intermediary of Alpha or any Alpha Subsidiary, in form and substance reasonably satisfactory to each party thereto in respect of the Security Accounts listed in Schedule 5.2.1 and Schedule 1 of any Financing Agreement Supplement.

"SECURITIES INTERMEDIARY" shall have the meaning set forth in the UCC.

"SECURITY" shall have the meaning set forth in the UCC.

"SECURITY ACCOUNTS" shall have the meaning set forth in the UCC and shall include the accounts listed on Schedule 5.2.1 hereto and Schedule 1 of any Financing Agreement Supplement.

"SECURITY DOCUMENTS" shall mean the U.S. Security Documents, the Foreign Pledge Agreements and the Mexican Security Documents, individually and collectively.

"SECURITY ENTITLEMENTS" shall have the meaning set forth in the UCC.

"SECURITY INTEREST" shall mean the security interest granted by the Obligors to Conexant pursuant to Section 4 of this Agreement.

"SOFTWARE" shall have the meaning set forth in the UCC.

"SOLVENT" shall mean, with respect to any person, that the value of the assets of such person (both at fair value and present fair saleable value) is, on the date of determination, greater than the total amount of liabilities (including contingent and unliquidated liabilities) of such person as of such date and that, as of such date, such person is able to pay all liabilities of such person as such liabilities mature and does not have unreasonably small capital. In computing the amount of contingent or unliquidated liabilities at any time, such liabilities shall be computed at the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"SPIN-OFF" shall mean the distribution of all the outstanding common stock, par value $0.01 per share, of Washington to the holders of common stock, par value $1.00 per share, of Conexant and Conexant Series B Preferred Stock, other than shares held in the treasury of Conexant, on a one share for one share basis pursuant to the Contribution Agreement.

"STOCK PURCHASE NOTE" shall mean the promissory note issued by Alpha to Conexant pursuant to Section 2.2 of the Alpha Stock Purchase Agreement, in the form annexed as Exhibit B-3.

"SUBSIDIARY" shall mean, with respect to any person (herein referred to as the "parent") any corporation, partnership, association or other business entity (a) of which securities or other ownership interests representing more than 50% of the equity, the ordinary voting power or the general partnership interests are, at the time any determination is being made, owned, controlled or held, or (b) that is otherwise controlled, in each case, directly or indirectly, by the parent and/or one or more subsidiaries of the parent. For the purposes of this definition, "controlled by" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of a person, through the ownership of voting securities, by contract or otherwise.

"SUPPLY AGREEMENT" shall mean the Newport Supply Agreement and the Newbury Supply Agreement, to be entered into between Conexant and Alpha.

"SUPPORTING OBLIGATIONS" shall have the meaning set forth in the UCC.

"TANGIBLE CHATTEL PAPER" shall have the meaning set forth in the UCC.

"TAX" shall mean any Federal, state, or foreign tax, assessment, governmental charge, or levy imposed upon a person or its assets and properties.

"TAX ALLOCATION AGREEMENT" shall mean the Tax Allocation Agreement by and among Conexant, Washington and Alpha, dated as of June 25, 2002.

"TERMINATION DATE" shall mean the date upon which the Obligations have been paid in full in cash.

"TRADEMARK LICENSE" shall mean any written agreement, now or hereafter in effect, granting to any third party any right to use any Trademark now or hereafter owned by any Obligor or which any Obligor otherwise has the right to license, or granting to any Obligor any right to use any Trademark now or hereafter owned by any third party, and all rights of any Obligor under any such agreement.

"TRADEMARKS" shall mean all of the following now owned or hereafter acquired by any Obligor: (a) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all registration and recording applications filed in connection therewith, including registrations and registration applications in the United States Patent and Trademark Office, or any State of the United States, and all extensions or renewals thereof, (b) all goodwill associated therewith or symbolized thereby, and (c) all other assets, rights and interests that uniquely reflect or embody such goodwill. Trademarks shall include without limitation (i) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, and (ii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all Trademark Licenses entered into in connection therewith, and damages and payments for past or future infringements thereof).

"UCC" shall mean (i) the Uniform Commercial Code as in effect from time to time in the State of New York and (ii) in any case where mandatory choice of law rules in the New York Uniform Commercial Code require the application of the Uniform Commercial Code of another United States jurisdiction, the Uniform Commercial Code of such other jurisdiction as in effect from time to time.

"U.S. ASSET PURCHASE NOTE" shall mean the promissory note issued by Alpha to Conexant pursuant to Section 2.2 of the Alpha Asset Purchase Agreement, in the form annexed as Exhibit B-5.

"U.S. MORTGAGES" shall mean those certain deeds of trust and mortgage agreements, dated as of the Closing Date, in the form annexed as Exhibit G, for the owned properties set forth in Schedule IV.

"U.S. SECURITY DOCUMENTS" means this Agreement, the U.S. Mortgages, the Collateral Assignment of Leases, each Bank Account Control Agreement, each Securities Account Control Agreement, any Financing Agreement Supplement, the Security Interest in registered Trademarks and Patents and in applications for the registration of Trademarks and Patents filed in the United States Patent and Trademark Office, any Security Interest in registered Copyrights and in applications for the registration of Copyrights filed in the United States Copyright Office, the financing statements and each document or instrument provided pursuant to Sections 4.2 and 4.5 from time to time, individually and collectively.

"WASHINGTON" shall mean Washington Sub, Inc., a Delaware corporation and Wholly-owned Subsidiary of Conexant.

"WHOLLY-OWNED SUBSIDIARY" shall mean any Subsidiary, the parent of which owns, controls or holds 100% of the equity, the ordinary voting power or the general partnership interests at the time any such determination is made, including without limitation any qualifying share structure whereby 100% of such equity, ordinary voting power or general partnership interests are owned, controlled or held by the parent together with its Affiliates, directors or officers.

1.2. RULES OF CONSTRUCTION. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any person shall be construed to include such person's successors and assigns (subject to any restrictions on such assignments set forth herein), (c) the words "herein", "hereof" and "hereunder", and words of similar import shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, and (f) any reference to any law, rule or regulation shall be construed to mean that law, rule or regulation as amended and in effect from time to time. Each covenant in this Agreement or any other Financing Document shall be given independent effect, and the fact that any act or omission may be permitted by one covenant and prohibited or restricted by any other covenant (whether or not dealing with the same or similar events) shall not be construed as creating any

ambiguity, conflict or other basis to consider any matter other than the express terms hereof in determining the meaning or construction of such covenants and the enforcement thereof in accordance with their respective terms.

1.3. ACCOUNTING TERMS; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time.

1.4. HEADINGS DESCRIPTIVE. The headings of the several Sections are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

Schedule I

"ELIGIBLE RECEIVABLES" shall mean any Accounts Receivable of Alpha, as shown on its most recent consolidated balance sheet, other than any:

(a) that does not arise from the sale of goods or the performance of services by Alpha in the ordinary course of its business;

(b) (i) upon which Alpha's right to receive payment is not absolute or is contingent upon the fulfillment of any condition whatsoever or (ii) as to which Alpha is not able to bring suit or otherwise enforce its remedies against the account debtor through judicial process or (iii) if the Account represents a progress billing consisting of an invoice for goods sold or used or services rendered pursuant to a contract under which the account debtor's obligation to pay that invoice is subject to Alpha's completion of further performance under such contract or is subject to the equitable lien of a surety bond issuer;

(c) to the extent that any defense, counterclaim, setoff or dispute is asserted as to such Account;

(d) that is not a true and correct statement of bona fide indebtedness incurred in the amount of the Account for merchandise sold to or services rendered and accepted by the applicable account debtor;

(e) with respect to which an invoice has not been sent to the applicable account debtor;

(f) that (i) is not owned by Alpha or (ii) is subject to any right, claim, security interest or other interest of any other person, other than Permitted Liens;

(g) that arises from a sale to any director, officer, other employee or Affiliate of Alpha or any Subsidiary of Alpha;

(h) that is the obligation of an account debtor that is the United States government or a political subdivision thereof, or any state, county or municipality or department, agency or instrumentality thereof;

(i) that is the obligation of an account debtor located in a foreign country;

(j) to the extent Alpha is liable for goods sold or services rendered by the applicable account debtor to Alpha but only to the extent of the potential offset;

(k) that arises with respect to goods that are delivered on a bill-and-hold, cash-on-delivery basis or placed on consignment, guaranteed sale or other terms by reason of which the payment by the account debtor is or may be conditional;

(l) that is in default, provided, that, without limiting the generality of the foregoing, an Account shall be deemed in default upon the occurrence of any of the following;

(i) the Account is not paid within the earlier of: 60 days following its due date or 90 days following its original invoice date;

(ii) the account debtor obligated upon such Account suspends business, makes a general assignment for the benefit of creditors or fails to pay its debts generally as they come due; or

(iii) a petition is filed by or against any Account Debtor obligated upon such Account under any bankruptcy law or any other federal, state or foreign receivership, insolvency relief or other law or laws for the relief of debtors;

(m) that is the obligation of an account debtor if 50% or more of the dollar amount of all Accounts owing by that account debtor are ineligible under the other criteria set forth above;

(n) as to which Conexant's Lien thereon is not a first priority perfected Lien;

(o) to the extent such Account is evidenced by a judgment, Instrument or Chattel Paper;

(p) that is payable in any currency other than dollars; or

(q) that is otherwise unacceptable to Conexant in its reasonable credit judgment exercised in a manner which is customary either in the commercial finance industry; and

(r) that is included in any reserve, including for uncollectable Accounts or other similar reserve.

EXHIBIT 99.2

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# TAX ALLOCATION AGREEMENT

by and among

CONEXANT SYSTEMS, INC.

WASHINGTON SUB, INC.

and

ALPHA INDUSTRIES, INC.

June 25, 2002

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# TAX ALLOCATION AGREEMENT

TAX ALLOCATION AGREEMENT (this "AGREEMENT") dated as of June 25, 2002, by and among CONEXANT SYSTEMS, INC., a Delaware corporation ("CONEXANT"), WASHINGTON SUB, INC., a Delaware corporation and a wholly-owned subsidiary of Conexant ("WASHINGTON"), and ALPHA INDUSTRIES, INC., a Delaware corporation ("ALPHA").

WHEREAS, Conexant and Washington have entered into a contribution and distribution agreement (the "DISTRIBUTION AGREEMENT"), pursuant to which (a) all the Washington Assets (as defined in the Distribution Agreement) will be assigned to Washington and/or to one or more of the Washington Subsidiaries (as defined in the Distribution Agreement) and all of the Washington Liabilities (as defined in the Distribution Agreement) will be assumed by Washington and/or by one or more of the Washington Subsidiaries, all as provided in the Distribution Agreement (the "CONTRIBUTION") and (b) all of the issued and outstanding shares of common stock, par value $.01 per share, of Washington (the "WASHINGTON COMMON STOCK") will be distributed on a pro rata basis to Conexant's stockholders as provided in the Distribution Agreement (the "DISTRIBUTION");

WHEREAS, the Boards of Directors of Conexant, Washington and Alpha have approved an agreement and plan of reorganization (the "MERGER AGREEMENT") pursuant to which Washington and Alpha will enter into a merger transaction in order to advance the long-term strategic business interests of Conexant, Washington and Alpha;

WHEREAS, the Boards of Directors of Conexant, Washington and Alpha have determined to consummate such merger transaction by means of a business combination transaction in which, immediately following the Distribution Washington will merge with and into Alpha (the "MERGER"), with Alpha being the surviving corporation;

WHEREAS, the parties to this Agreement intend that the Contribution and the Distribution qualify under Sections 355 and 368 of the Code (as defined herein) as a reorganization, that the Merger qualify under Section 368 of the Code as a reorganization and that the Merger Agreement shall constitute a "plan or reorganization" for purposes of Sections 354 and 361 of the Code; and

WHEREAS, Conexant and Alpha wish to provide for and agree upon the allocation between the Conexant Tax Group (as defined herein) and the Alpha Tax Group (as defined herein) of all responsibilities, liabilities and benefits relating to

or affecting Taxes (as defined herein) paid or payable by either of them for all taxable periods, whether beginning before, on or after the Distribution Date (as defined herein).

NOW, THEREFORE, in consideration of the premises and of the respective agreements contained in this Agreement, the parties hereto hereby agree as follows:

## ARTICLE I

## DEFINITIONS

SECTION 1.01 GENERAL. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined). Any capitalized term not otherwise defined in this Agreement shall have the meaning ascribed to it in the Distribution Agreement.

"ACTUALLY REALIZED" shall mean, for purposes of determining the timing of any Taxes (or related Tax cost or benefit) relating to any payment, transaction, occurrence or event, the time at which the amount of Taxes (including estimated Taxes) payable by any person is increased above or reduced below, as the case may be, the amount of Taxes that such person would be required to pay but for the payment, transaction, occurrence or event.

"ALPHA" shall have the meaning ascribed thereto in the preamble.

"ALPHA COMMON STOCK" shall mean the Common Stock, par value $0.25 per share, of Alpha and the associated preferred share purchase rights.

"ALPHA COMMON STOCK OPTIONS" shall mean options to acquire shares of Alpha Common Stock.

"ALPHA GROUP EMPLOYEES AND FORMER EMPLOYEES" shall mean individuals (i) who are employees of any member of the Alpha Tax Group on the date of the event giving rise to a deduction in respect of any Compensation Payments made to such individuals or Stock Options or Restricted Stock held by such individuals or (ii) who were employees of any member of the Alpha Tax Group and were not thereafter employees of any member of the Conexant Tax Group.

"ALPHA POST-DISTRIBUTION TAX ACT" shall have the meaning set forth in Section 3.01(a).

"ALPHA RESTRICTED STOCK" shall mean shares of Alpha Common Stock subject to restrictions on transferability and subject to a substantial risk of forfeiture.

"ALPHA TAX ACT" shall have the meaning set forth in Section 3.02(b).

"ALPHA TAX GROUP" shall mean (i) Alpha, (ii) any member of the Washington Tax Group, and (iii) any corporation or other legal entity which Alpha directly or indirectly owned or owns prior to, on or following the Distribution Date.

"ALPHA TAX REPRESENTATION LETTER" shall mean the letter delivered by Alpha to Conexant on the Distribution Date, substantially in the form set forth in Schedule 3.02(c) attached hereto.

"ASSET PURCHASE AGREEMENTS" shall mean those asset purchase agreements dated as of December 16, 2001 by and between Conexant and Alpha, as amended and restated as of June 25, 2002, providing for the sale of certain assets to Alpha after the Merger.

"CODE" shall mean the Internal Revenue Code of 1986, as amended, or any successor legislation.

"COMPENSATION PAYMENTS" shall mean all non-qualified employee benefit plan and welfare benefit plan payments made by any member of the Alpha Tax Group under the Employee Matters Agreement dated as of the date hereof by and among Conexant, Washington and Alpha.

"CONEXANT" shall have the meaning ascribed thereto in the preamble.

"CONEXANT BOARD" shall mean the Board of Directors of Conexant or a duly authorized committee thereof.

"CONEXANT COMMON STOCK" shall mean the Common Stock, par value of $1 per share, of Conexant and the associated preferred share purchase rights.

"CONEXANT COMMON STOCK OPTIONS" shall mean options to acquire Conexant Common Stock.

"CONEXANT GROUP EMPLOYEES AND FORMER EMPLOYEES" shall mean individuals (i) who are employees of any member of the Conexant Tax Group on the date of the event giving rise to a deduction in respect of any Compensation Payments made to such individuals or Stock Options or Restricted Stock held by such individuals, or (ii) who were employees of any member of the Conexant Tax Group and were not thereafter employees of any member of the Alpha Tax Group.

"CONEXANT RESTRICTED STOCK" shall mean shares of Conexant Common Stock subject to restrictions on transferability and subject to a substantial risk of forfeiture.

"CONEXANT TAX GROUP" shall mean (i) Conexant, (ii) any corporation or other legal entity which Conexant directly or indirectly owns immediately following the Distribution Date other than a member of the Alpha Tax Group, (iii) any other corporation or other legal entity which Conexant directly or indirectly owned at any time on or prior to the Distribution Date other than a member of the Alpha Tax Group, and (iv) solely for purposes of this Agreement and not for purposes of any other Transaction Agreement or the Merger Agreement, for any taxable period (A) Old Rockwell and any other corporation or legal entity owned by Old Rockwell other than a member of the Alpha Tax Group and (B) Rockwell and any other corporation or legal entity owned by Rockwell other than a member of the Alpha Tax Group.

"CONEXANT TAX REPRESENTATION LETTER" shall mean the letter delivered by Conexant to Alpha on the Distribution Date, substantially in the form set forth in Schedule 3.02(d) attached hereto.

"CONEXANT/WASHINGTON TAX GROUP" shall mean any corporation or other legal entity which is a member of the Conexant Tax Group or the Washington Tax Group but only with respect to taxable periods (or portions thereof) ending on or before or including the Distribution Date.

"CONTRIBUTION" shall have the meaning ascribed thereto in the Distribution Agreement.

"DISTRIBUTION" shall mean the distribution of the Washington Common Stock on a pro rata basis to holders of Conexant Common Stock and Conexant Series B Preferred Stock on the Distribution Date pursuant to the Distribution Agreement.

"DISTRIBUTION AGREEMENT" shall have the meaning ascribed thereto in the preamble.

"DISTRIBUTION TAXES" shall mean any Taxes resulting from (a) the failure of the Contribution and the Distribution to qualify as a reorganization under Sections 355 and 368 of the Code, (b) the failure of the Contribution and the Distribution to qualify as tax-free to Conexant under Sections 355(c) and 361(c) of the Code, or (c) the failure of any pre-Distribution transaction specified in Schedule 3.01(b) to be non-taxable.

"DISTRIBUTION TRANSACTION" shall mean any transaction undertaken in connection with the Distribution and described in the Ruling Request.

"DISTRIBUTION DATE" shall mean the date on which the Distribution occurs (or, if different, the date on which the Distribution is deemed to occur for U.S. federal Income Tax purposes). For purposes of this Agreement, the Distribution shall be deemed effective as of the end of the day on the Distribution Date.

"FINANCING AGREEMENT " shall mean the financing agreement dated as of June 25, 2002 by and among Alpha, certain of its subsidiaries and Conexant.

"FOREIGN INCOME TAX" shall mean any Income Tax other than a U.S. federal, state or local Income Tax.

"FOREIGN INCOME TAX RETURNS" shall mean any Income Tax Return which is not a U.S. federal, state or local Income Tax Return.

"INCOME TAX" shall mean (a) any Tax based upon, measured by, or calculated with respect to (i) net income or profits (including, but not limited to, any capital gains, minimum Tax and any Tax on items of Tax preference, but not including sales, use, real or personal property, gross or net receipts, transfer or similar Taxes) or (ii) multiple bases (including, but not limited to, corporate franchise, doing business or occupation Taxes) if one or more of the bases upon which such Tax may be based, measured by, or calculated with respect to, is described in clause (i) above, or (b) any U.S. state or local franchise Tax; including in the case of each of (a) and (b) any related interest and any penalties, additions to such Tax or additional amounts imposed with respect thereto by any Tax Authority.

"INCOME TAX BENEFIT" shall mean for any taxable period the excess of (i) the hypothetical Income Tax liability of the taxpayer for the taxable period calculated as if the Timing Difference or Reverse Timing Difference, as the case may be, had not occurred but with all other facts unchanged, over (ii) the actual Income Tax liability of the taxpayer for the taxable period, calculated taking into account the Timing Difference or Reverse Timing Difference, as the case may be (treating an Income Tax refund or credit as a negative Income Tax liability for purposes of such calculation).

"INCOME TAX DETRIMENT" shall mean for any taxable period the excess of (i) the actual Income Tax liability of the taxpayer for the taxable period, calculated taking into account the Timing Difference or Reverse Timing Difference, as the case may be, over (ii) the hypothetical Income Tax liability of the taxpayer for the taxable period, calculated as if the Timing Difference or Reverse Timing Difference, as the

case may be, had not occurred but with all other facts unchanged (treating an Income Tax refund or credit as a negative Income Tax liability for purposes of such calculation).

"INCOME TAX RETURN" shall mean any Tax Return that relates to Income Taxes.

"INDEMNITEE" shall have the meaning set forth in Section 3.03.

"INDEMNITOR" shall have the meaning set forth in Section 3.03.

"INDEMNITY ISSUE" shall have the meaning set forth in Section 3.03.

"IRS" shall mean the Internal Revenue Service.

"NON-INCOME TAX" shall mean any Tax other than an Income Tax.

"OLD ROCKWELL" shall mean the corporation, formerly named Rockwell International Corporation, which owned all of the Rockwell Common Stock prior to the distribution of the Rockwell Common Stock to the shareholders of such corporation on December 6, 1996.

"PERSON" shall mean any individual, partnership, joint venture, corporation, limited liability entity, trust, unincorporated organization or other entity (including a governmental entity).

"POST-DISTRIBUTION TAXABLE PERIOD" shall mean a taxable period beginning after the Distribution Date.

"POST-TAX INDEMNIFICATION PERIOD" shall mean any Post-Distribution Taxable Period and that portion of any Straddle Period that begins on the day after the Distribution Date.

"PRE-DISTRIBUTION TAXABLE PERIOD" shall mean a taxable period ending on or before the Distribution Date.

"REPRESENTATIVE" shall mean, with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants, attorneys and representatives.

"RESTRICTED STOCK" shall mean Alpha Restricted Stock or Conexant Restricted Stock.

"REVERSE TIMING DIFFERENCE" shall mean an increase in income, gain or recapture, or a decrease in deduction, loss or credit, as calculated for Income Tax purposes, of the taxpayer for the Tax Indemnification Period coupled with an increase in deduction, loss or credit, or a decrease in income, gain or recapture, of the taxpayer for any Post-Tax Indemnification Period.

"RIGHTS" shall have the meaning ascribed thereto in the Distribution Agreement.

"ROCKWELL" shall mean Rockwell Automation, Inc., formerly named Rockwell International Corporation, a Delaware corporation.

"ROCKWELL COMMON STOCK" shall mean the Common Stock, par value of $1 per share, of Rockwell.

"ROCKWELL TAX GROUP" shall mean Rockwell and its affiliates.

"RULING" shall mean a private letter ruling issued by the IRS in reply to the Ruling Request including any amendment or supplement thereto in form and substance reasonably satisfactory to Conexant and Alpha.

"RULING REQUEST" shall mean a private letter ruling request filed by Conexant with the IRS (as modified or supplemented), seeking rulings that, inter alia, the Contribution and the Distribution will qualify under Sections 355 and 368 of the Code as a reorganization.

"STOCK PURCHASE AGREEMENT" shall mean that stock purchase agreement dated as of December 16, 2001 by and between Conexant and Alpha, as amended and restated as of June 25, 2002, providing for the sale of certain stock to Alpha after the Merger.

"STOCK OPTIONS" shall mean Alpha Common Stock Options or Conexant Common Stock Options.

"STRADDLE PERIOD" shall mean a taxable period that includes but does not end on the Distribution Date.

"TAX" and "TAXES" shall mean all forms of taxation, whenever created or imposed, and whether of the United States or elsewhere, and whether imposed by a federal, state, municipal, governmental, territorial, local, foreign or other body, and without limiting the generality of the foregoing, shall include net income, gross income, gross receipts, sales, use, value added, ad valorem, transfer, recording, franchise, profits, license, lease, service, service use, payroll, wage, withholding,

employment, unemployment insurance, workers compensation, social security, excise, severance, stamp, business license, business organization, occupation, premium, property, environmental, windfall profits, customs, duties, alternative minimum, estimated or other taxes, fees, premiums, assessments or charges of any kind whatever imposed or collected by any governmental entity or political subdivision thereof, together with any related interest and any penalties, additions to such tax or additional amounts imposed with respect thereto by any Tax Authority.

"TAX AUTHORITY" shall mean, with respect to any Tax, any governmental entity, quasi-governmental body or political subdivision thereof that imposes such Tax and the agency (if any) charged with the determination or collection of such Tax for such entity, body or subdivision.

"TAX GROUP" shall mean the Conexant Tax Group or the Alpha Tax Group, as the case may be.

"TAX INDEMNIFICATION PERIOD" shall mean any Pre-Distribution Taxable Period and that portion of any Straddle Period that ends on the Distribution Date.

"TAX RETURN" shall mean any return, filing, questionnaire, information return, election or other document required or permitted to be filed, including requests for extensions of time, filings made with respect to estimated tax payments, claims for refund and amended returns that may be filed, for any period with any Tax Authority (whether domestic or foreign) in connection with any Tax (whether or not a payment is required to be made with respect to such filing).

"TIMING DIFFERENCE" means an increase in income, gain or recapture, or a decrease in deduction, loss or credit, as calculated for Income Tax purposes, of the taxpayer for any Post-Tax Indemnification Period coupled with an increase in deduction, loss or credit, or a decrease in income, gain or recapture, of the taxpayer for the Tax Indemnification Period.

"TRANSACTION AGREEMENTS" shall have the meaning ascribed thereto in the Distribution Agreement.

"WASHINGTON" shall have the meaning ascribed thereto in the preamble.

"WASHINGTON TAX GROUP" shall mean (i) Washington and (ii) any corporation or other legal entity which Washington directly or indirectly owns following the Contribution.

SECTION 1.02 SCHEDULES, ETC. References to a "SCHEDULE" are, unless otherwise specified, to a Schedule attached to this Agreement; references to "SECTION" or "ARTICLE" are, unless otherwise specified, to one of the Sections or Articles of this Agreement; references to "SUB-SECTION" are, unless the context otherwise requires, references to the section in which the reference appears; and references to this Agreement include the Schedules.

## ARTICLE II

## FILING OF TAX RETURNS; PAYMENT OF TAXES; REFUNDS

SECTION 2.01 PREPARATION OF TAX RETURNS.

(a) UNITED STATES FEDERAL INCOME TAX RETURNS.

(i) Conexant shall prepare and file or cause to be prepared and filed all U.S. federal Income Tax Returns (including amendments thereto) which are required to be filed in respect of (A) a member of the Conexant/Washington Tax Group for any Pre-Distribution Taxable Period or Straddle Period or (B) a member of the Conexant Tax Group for any Post-Distribution Taxable Period. Alpha hereby irrevocably designates, and agrees to cause each of its affiliates to designate, Conexant as its agent to take any and all actions necessary or incidental to the preparation and filing of such U.S. federal Income Tax Returns of Conexant's affiliated group.

(ii) All U.S. federal Income Tax Returns (including amendments thereto) with respect to the Washington Tax Group for Post-Distribution Taxable Periods shall be the responsibility of the Alpha Tax Group.

(b) UNITED STATES STATE AND LOCAL INCOME TAX RETURNS.

(i) Conexant shall prepare and file or cause to be prepared and filed all U.S. state and local Income Tax Returns (including amendments thereto) which are required to be filed in respect of (A) a member of the Conexant/Washington Tax Group for any Pre-Distribution Taxable Period or Straddle Period or (B) a member of the Conexant Tax Group for any Post-Distribution Taxable Period. Alpha hereby irrevocably designates, and agrees to cause each of its affiliates to designate, Conexant as its agent to take any and all actions necessary or incidental to the preparation and filing of such U.S. state and local Income Tax Returns of members of the Washington Tax Group.

(ii) All U.S. state and local Income Tax Returns (including amendments thereto) with respect to the Washington Tax Group for Post-Distribution Taxable Periods shall be the responsibility of the Alpha Tax Group.

(c) FOREIGN INCOME TAX RETURNS.

(i) Conexant shall prepare and file or cause to be prepared and filed all Foreign Income Tax Returns (including amendments thereto) which are required to be filed in respect of (A) a member of the Conexant/Washington Tax Group for any Pre-Distribution Taxable Period or Straddle Period (other than any entity set forth on Schedule 2.01(c) attached hereto) or (B) a member of the Conexant Tax Group for any Post-Distribution Taxable Period. Alpha hereby irrevocably designates, and agrees to cause each of its affiliates to designate, Conexant as its agent to take any and all actions necessary or incidental to the preparation and filing of such Foreign Income Tax Returns of members of the Washington Tax Group.

(ii) All Foreign Income Tax Returns (including amendments thereto) (A) with respect to the Washington Tax Group for Post-Distribution Taxable Periods and (B) with respect to entities set forth on Schedule 2.01(c) attached hereto required to be filed after the Distribution Date, shall be the responsibility of the Alpha Tax Group.

(d) NON-INCOME TAX RETURNS.

(i) Conexant shall prepare and file or cause to be prepared and filed all Tax Returns (including amendments thereto) which are Non-Income Tax Returns which are required to be filed in respect of (A) a member of the Conexant/Washington Tax Group (other than Washington or any member of the Washington Tax Group which has never conducted a non-Washington business) for any Pre-Distribution Taxable Period or Straddle Period or (B) a member of the Conexant Tax Group for any Post-Distribution Taxable Period. Alpha hereby irrevocably designates, and agrees to cause each of its affiliates to designate, Conexant as its agent to take any and all actions necessary or incidental to the preparation and filing of such Non-Income Tax Returns of members of the Washington Tax Group.

(ii) All Non-Income Tax Returns (including amendments thereto) required to be filed (A) with respect to Washington or any member of the Washington Tax Group which has never conducted a non-Washington business and (B) with respect to the Washington Tax Group for Post-Distribution Taxable Periods, shall be the responsibility of the Alpha Tax Group.

(e) CONSISTENT WITH PAST PRACTICE; REVIEW BY NON-RESPONSIBLE PARTY. Unless Conexant and Alpha otherwise agree in writing, all Tax Returns (including amendments thereto) described in this Section 2.01 filed after the date of this Agreement for Pre-Distribution Taxable Periods or Straddle Periods, in the absence of a controlling change in law or circumstances, shall be prepared on a basis consistent with the elections, accounting methods, conventions and principles of taxation used for the most recent taxable periods for which Tax Returns involving similar matters have been filed. Upon the request of the non-responsible party, the party responsible under this Section 2.01 for preparation of a particular Tax Return for Pre-Distribution Taxable Periods or Straddle Periods shall make available a draft of such Tax Return (or relevant portions thereof) for review and comment by such non-responsible party. Subject to the provisions of this Agreement, all decisions relating to the preparation of Tax Returns shall be made in the sole discretion of the party responsible under this Agreement for such preparation.

(f) RESPONSIBILITY FOR FILING. Although, pursuant to this Agreement, Conexant or Alpha may be responsible for filing a particular Tax Return, Conexant and Alpha have agreed that the actual preparation and filing of certain Tax Returns will be done by the non-responsible party. Schedule 2.01(f) attached hereto sets forth a schedule specifying such Tax Returns. Conexant and Alpha may agree from time to time to additions to or deletions from Schedule 2.01(f).

SECTION 2.02 PAYMENT OF TAXES.

(a) UNITED STATES FEDERAL INCOME TAXES. Except as otherwise provided in this Agreement:

(i) Conexant shall pay or cause to be paid, on a timely basis, all Taxes due with respect to the consolidated U.S. federal Income Tax liability for (A) all members of the Conexant/Washington Tax Group for any Pre-Distribution Taxable Period or Straddle Period and (B) any member of the Conexant Tax Group for any Post-Distribution Taxable Period; and

(ii) Alpha shall pay or cause to be paid, on a timely basis, all Taxes due with respect to the consolidated U.S. federal Income Tax liability for any member of the Washington Tax Group for any Post-Distribution Taxable Period.

(b) UNITED STATES STATE AND LOCAL INCOME TAXES. Except as otherwise provided in this Agreement:

(i) Conexant shall pay or cause to be paid, on a timely basis, all Taxes due with respect to the U.S. state and local Income Tax liability for (A) all

members of the Conexant/Washington Tax Group for any Pre-Distribution Taxable Period or Straddle Period and (B) any member of the Conexant Tax Group for any Post-Distribution Taxable Period; provided, however, that Alpha, on behalf of the Washington Tax Group, hereby assumes and agrees to pay directly to or at the direction of Conexant, at least five days prior to the date payment (including estimated payment) thereof is due, the portion of such U.S. state and local Income Taxes for that portion of any Straddle Period which begins on the day after the Distribution Date (calculated pursuant to Section 2.04) which relates to a member of the Washington Tax Group or its business, assets or activities; and

(ii) Alpha shall pay or cause to be paid, on a timely basis, all Taxes due with respect to the U.S. state and local Income Tax liability for any member of the Washington Tax Group for any Post-Distribution Taxable Period.

(c) FOREIGN INCOME TAXES. Except as otherwise provided in this Agreement:

(i) Conexant shall pay or cause to be paid, on a timely basis, all Taxes due with respect to the Foreign Income Tax liability for (A) all members of the Conexant/Washington Tax Group for any Pre-Distribution Taxable Period or Straddle Period (other than any entity set forth on Schedule 2.01(c) attached hereto) and (B) any member of the Conexant Tax Group for any Post-Distribution Taxable Period; provided, however, that Alpha, on behalf of the Washington Tax Group, hereby assumes and agrees to pay directly to or at the direction of Conexant, at least five days prior to the date payment (including estimated payment) thereof is due, the portion of such Foreign Income Taxes for that portion of any Straddle Period which begins on the day after the Distribution Date (calculated pursuant to Section 2.04) which relates to a member of the Washington Tax Group or its business, assets or activities; and

(ii) Alpha shall pay or cause to be paid, on a timely basis, all Taxes due with respect to the Foreign Income Tax liability (A) for any member of the Washington Tax Group for any Post-Distribution Taxable Period and (B) for any entity set forth on Schedule 2.01(c) attached hereto.

(d) NON-INCOME TAXES. Except as otherwise provided in this Agreement:

(i) Conexant shall pay or cause to be paid, on a timely basis, all Taxes due with respect to the Non-Income Tax liability for (A) all members of the Conexant/Washington Tax Group (other than Washington or any member of the Washington Tax Group which has never conducted a non-Washington business) for

any Pre-Distribution Taxable Period or Straddle Period and (B) any member of the Conexant Tax Group for any Post-Distribution Taxable Period; provided, however, that Alpha, on behalf of the Washington Tax Group, hereby assumes and agrees to pay directly to or at the direction of Conexant, at least five days prior to the date payment (including estimated payment) thereof is due, the portion of such Non-Income Taxes for that portion of any Straddle Period which begins on the day after the Distribution Date (calculated pursuant to Section 2.04) which relates to a member of the Washington Tax Group or its business, assets or activities;

(ii) Alpha shall pay or cause to be paid, on a timely basis, all Taxes due with respect to the Non-Income Tax liability (A) for any member of the Washington Tax Group for any Post-Distribution Taxable Period and (B) for Washington or any member of the Washington Tax Group which has never conducted a non-Washington business for any Pre-Distribution Taxable Period or Straddle Period; and

(iii) Conexant agrees that for all periods prior to the Distribution, it shall pay or cause Washington and each member of the Washington Tax Group that has never conducted a non-Washington business to pay its respective Non-Income Tax liabilities consistent with the Conexant Tax Group's past practice for paying such Non-Income Tax liabilities.

(iv) Notwithstanding any other provision of this Agreement, all transfer taxes incurred in connection with the Contribution, the Distribution and/or the Merger shall be paid in accordance with the provisions of Section 4.09 of the Distribution Agreement.

(e) POST-DISTRIBUTION DATE TAXES. Except as otherwise provided in this Agreement, all Taxes for all Post-Distribution Taxable Periods shall be paid or caused to be paid by the party responsible under this Agreement for filing the Tax Returns pursuant to which such Taxes are due or, if no such Tax Returns are due, by the party liable for such Taxes.

(f) CREDIT FOR PRIOR TAX PAYMENTS. To the extent any member of a Tax Group has made a payment of Taxes (including estimated Taxes) on or before the Distribution Date, the party liable for paying such Taxes under this Agreement shall be entitled to treat the payment as having been paid or caused to have been paid by such party, and such party shall not be required to reimburse the party which actually paid such Taxes.

(g) RESPONSIBILITY FOR PAYMENT; NOTICE OF PAYMENT DUE. Although Conexant or Alpha may be responsible for paying a particular Tax liability, Conexant and Alpha may agree that the actual payment to a Taxing Authority of certain Tax liabilities will be made by the non-responsible party. Conexant and Alpha may agree to prepare a schedule setting forth such Tax liabilities and may agree from time to time to additions to or deletions from such schedule. In each case where Conexant or Alpha, as the case may be, is required to make payment of Taxes to the other party, Conexant or Alpha, as the case may be, shall notify the other party as to the amount of Taxes due from the other party at least five days prior to the date payment (including estimated payment) is due.

SECTION 2.03 TAX REFUNDS AND CARRYBACKS.

(a) RETENTION AND PAYMENT OF TAX REFUNDS. Except as otherwise provided in this Agreement, Conexant shall be entitled to retain, and to receive within ten days after Actually Realized by the Alpha Tax Group, the portion of all refunds or credits of Taxes for which the Conexant Tax Group is liable pursuant to Section 2.02 or Section 3.01(a) or is treated as having paid or caused to have been paid pursuant to Section 2.02(f), and Alpha shall be entitled to retain, and to receive within ten days after Actually Realized by the Conexant Tax Group, the portion of all refunds or credits of Taxes for which the Alpha Tax Group is liable pursuant to Section 2.02 or Section 3.01(b) or is treated as having paid or caused to have been paid pursuant to Section 2.02(f). The amount of any refund or credit of Taxes to which Conexant or Alpha is entitled to retain or receive pursuant to the foregoing sentence shall be reduced to take account of any Taxes incurred by the Alpha Tax Group, in the case of a refund or credit to which Conexant is entitled, or the Conexant Tax Group, in the case of a refund or credit to which Alpha is entitled, upon the receipt of such refund or credit.

(b) CARRYBACKS. Unless the parties otherwise agree in writing, Alpha shall elect and shall cause each member of the Alpha Tax Group to elect, where permitted by law, to carry forward any net operating loss, net capital loss, charitable contribution or other item arising after the Distribution Date that could, in the absence of such election, be carried back to a Pre-Distribution Taxable Period. Except as otherwise provided in this Agreement, notwithstanding the provisions of Section 2.03(a), (i) any refund or credit of Taxes resulting from the carryback of any item of Taxes attributable to the Alpha Tax Group arising in a Post-Tax Indemnification Period to a Tax Indemnification Period shall be for the account and benefit of the Alpha Tax Group, and (ii) any refund or credit of Taxes resulting from the carryback of any item of Taxes attributable to the Conexant Tax Group arising in a Post-Tax Indemnification Period to a Tax Indemnification Period shall be for the account and benefit of the Conexant Tax Group.

(c) REFUND CLAIMS. Conexant shall be permitted to file at Conexant's sole expense, and Alpha shall reasonably cooperate with Conexant in connection with, any claims for refund of Taxes to which Conexant is entitled pursuant to this Section 2.03 or any other provision of this Agreement. Conexant shall reimburse Alpha for any reasonable out-of-pocket costs and expenses incurred by any member of the Alpha Tax Group in connection with such cooperation. Alpha shall be permitted to file at Alpha's sole expense, and Conexant shall reasonably cooperate with Alpha in connection with, any claims for refunds of Taxes to which Alpha is entitled pursuant to this Section 2.03 or any other provision of this Agreement. Alpha shall reimburse Conexant for any reasonable out-of-pocket costs and expenses incurred by any member of the Conexant Tax Group in connection with such cooperation.

SECTION 2.04 ALLOCATION OF STRADDLE PERIOD TAXES. In the case of any Straddle Period:

(a) PERIODIC TAXES. (i) The periodic Taxes of a member of the Conexant Tax Group or the Alpha Tax Group or its business, assets or activities that are not based on income or receipts (e.g., property Taxes) for the portion of any Straddle Period which ends on the Distribution Date shall be computed based on the ratio of the number of days in such portion of the Straddle Period and the number of days in the entire taxable period; and (ii) the periodic taxes of a member of the Conexant Tax Group or the Alpha Tax Group or its business, assets or activities that are not based on income or receipts for the portion of any Straddle Period beginning on the day after the Distribution Date shall be computed based on the ratio of the number of days in such portion of the Straddle Period and the number of days in the entire taxable period.

(b) NON-PERIODIC TAXES. (i) The Taxes of a member of the Conexant Tax Group or the Alpha Tax Group or its business, assets or activities for that portion of any Straddle Period ending on the Distribution Date (other than Taxes described in Section 2.04(a) above), shall be computed on a "closing-of-the-books" basis as if such taxable period ended as of the close of business on the Distribution Date, and, in the case of any Taxes of a member of the Conexant Tax Group or the Alpha Tax Group or its business, assets or activities with respect to any equity interest in any partnership or other "flowthrough" entity, as if the taxable period of such partnership or other "flowthrough" entity ended on the Distribution Date; and (ii) the Taxes of a member of the Conexant Tax Group or the Alpha Tax Group or its business, assets or activities for that portion of any Straddle Period beginning after the Distribution Date (other than Taxes described in Section 2.04(a) above), shall be computed on a "closing-of-the-books" basis as if such taxable period began on the day after the Distribution Date, and, in the case of any Taxes of a member of the

Conexant Tax Group or the Alpha Tax Group or its business, assets or activities with respect to any equity interest in any partnership or other "flowthrough" entity, as if the taxable period of such partnership or other "flowthrough" entity began as of the day after the Distribution Date.

(c) The Taxes of the Conexant Tax Group and the Alpha Tax Group with respect to any Tax Return for a Straddle Period which includes a member of each of the Conexant Tax Group and the Alpha Tax Group or their respective businesses, assets or activities shall be allocated between the Conexant Tax Group, on the one hand, and the Alpha Tax Group, on the other hand, determined in a manner analogous to that set forth in Treasury Regulation Section 1.1552-1(a)(2).

## ARTICLE III

## TAX INDEMNIFICATION; TAX CONTESTS

SECTION 3.01 INDEMNIFICATION.

(a) CONEXANT INDEMNIFICATION. Subject to Section 3.01(b) and Section 3.02, Conexant shall indemnify, defend and hold harmless each member of the Alpha Tax Group and each of their respective Representatives and each of the heirs, executors, successors and assigns of any of the foregoing from and against:

(i) all Taxes of the Conexant Tax Group;

(ii) all Taxes of the Washington Tax Group for all Pre-Distribution Taxable Periods and all Straddle Periods for which Conexant is liable pursuant to Section 2.02 or 3.02;

(iii) all liability as a result of Treasury Regulation Section 1.1502-6 or comparable U.S. state or local provision for Income Taxes of any person which is or has ever been affiliated with any member of the Conexant/Washington Tax Group or with which any member of the Conexant/Washington Tax Group joins or has ever joined (or is or has ever been required to join) in filing any consolidated, combined or unitary Income Tax Return for any Tax period ending on or before or including the Distribution Date except to the extent the Alpha Tax Group is liable for such Taxes pursuant to Section 2.02 or 3.02;

(iv) all Taxes for any Tax period (whether beginning before, on or after the Distribution Date) attributable to the breach by any member of the Conexant

Tax Group of any representation, warranty, covenant or obligation under this Agreement;

(v) all liability for a breach by any member of the Conexant Tax Group of any representation, warranty, covenant or obligation under this Agreement;

(vi) all Taxes imposed in connection with the transactions contemplated by the Distribution Agreement undertaken to carry out the Contribution and Distribution; and

(vii) all liability for any reasonable legal, accounting, appraisal, consulting or similar fees and expenses relating to the foregoing.

Notwithstanding the foregoing, Conexant shall not indemnify, defend or hold harmless any member of the Alpha Tax Group nor any of their respective Representatives or heirs, executors, successors and assigns of any of them from any liability for Taxes (other than with respect to Distribution Taxes) attributable to (I) any transfer taxes incurred in connection with the Contribution, the Distribution and/or the Merger (which shall be paid in accordance with the provisions of Section 4.09 of the Distribution Agreement) or (II) any Alpha Post-Distribution Tax Act. An "ALPHA POST-DISTRIBUTION TAX ACT" shall mean any action specified on Schedule 3.01(a) attached hereto.

(b) ALPHA INDEMNIFICATION. Alpha shall be liable for, and shall indemnify, defend and hold harmless each member of the Conexant Tax Group and each of the respective Representatives and each of the heirs, executors, successors and assigns of any of the foregoing from and against:

(i) all Taxes of any member of the Washington Tax Group or Alpha Tax Group (other than Taxes for which Conexant is obligated to provide indemnification for pursuant to Section 3.01(a));

(ii) all Taxes for any Tax period (whether beginning before, on or after the Distribution Date) attributable to the breach by any member of the Alpha Tax Group or Washington Tax Group of any representation, warranty, covenant or obligation under this Agreement;

(iii) all liability for a breach by any member of the Alpha Tax Group or Washington Tax Group of any representation, warranty, covenant or obligation under this Agreement;

(iv) all Taxes attributable to an Alpha Post-Distribution Tax Act;

(v) all transfer taxes incurred in connection with the Contribution, the Distribution and/or the Merger; and

(vi) all liability for any reasonable legal, accounting, appraisal, consulting or similar fees and expenses relating to the foregoing.

SECTION 3.02 DISTRIBUTION TAXES.

(a) Except as otherwise provided in this Section 3.02, Conexant agrees to indemnify, defend and hold harmless each member of the Alpha Tax Group and each of the respective Representatives and each of the heirs, executors, successors and assigns of any of the foregoing from and against any Distribution Taxes.

(b) Alpha agrees to indemnify, defend and hold harmless each member of the Conexant Tax Group and each of the respective Representatives and each of the heirs, executors, successors and assigns of any of the foregoing from and against any Distribution Taxes resulting from any Alpha Tax Act. For purposes of this Agreement, in determining the amount of any such Taxes resulting from an Alpha Tax Act for which Alpha shall be liable, any net operating losses which would otherwise be taken into account in determining the amount of such liability shall be ignored. An "ALPHA TAX ACT" shall be as specified on Schedule 3.02(a) attached hereto.

(c) Alpha shall, and shall cause each member of the Alpha Tax Group to, comply with and take no action inconsistent with the Alpha Tax Representation Letter, unless, pursuant to a favorable ruling letter obtained from the IRS which is satisfactory to Conexant or the advice of nationally recognized Tax counsel to Conexant, which advice shall be satisfactory to Conexant, such act or omission would not adversely affect the U.S. federal Income Tax consequences of the Contribution and the Distribution to Conexant or the shareowners of Conexant. Notwithstanding Sections 3.01(b)(iii) and 3.01(b)(iv), the parties intend that the sole remedy for breach of the covenants contained in this Section 3.02(c) shall be as set forth in Section 3.02(b).

(d) Conexant shall, and shall cause each member of the Conexant Tax Group to, comply with and take no action inconsistent with the Conexant Tax Representation Letter, unless, pursuant to a favorable ruling letter obtained from the IRS which is satisfactory to Alpha or the advice of nationally recognized Tax counsel to Alpha, which advice shall be satisfactory to Alpha, such act or omission would not adversely affect the U.S. federal Income Tax consequences of the Contribution and the Distribution to Conexant or the shareowners of Conexant. Notwithstanding

Section 3.01(a)(v), the parties intend that the sole remedy for breach of the covenants contained in this Section 3.02(d) shall be as set forth in Section 3.02(a).

(e) Notwithstanding the foregoing, an Alpha Tax Act (other than paragraphs 7 or 8 thereof) shall not include any transaction or action specifically disclosed or specifically described in any of the Transaction Agreements, the Merger Agreement, the Stock Purchase Agreement or the Asset Purchase Agreements or, except as specifically set forth in Schedule 3.01(b), any action taken on or prior to the Distribution Date. An Alpha Tax Act shall not include any action on the part of any member of the Conexant Tax Group.

SECTION 3.03 NOTICE OF INDEMNITY. Whenever a party hereto (hereinafter an "INDEMNITEE") becomes aware of the existence of an issue raised by any Tax Authority which could reasonably be expected to result in a determination that would increase the liability for any Tax of the other party hereto or any member of its Tax Group for any Tax period or require a payment hereunder by the other party (hereinafter an "INDEMNITY ISSUE"), the Indemnitee shall in good faith promptly give notice to such other party (hereinafter the "INDEMNITOR") of such Indemnity Issue. The failure of the Indemnitee to give such notice shall not relieve the Indemnitor of its obligations under this Agreement, except to the extent such Indemnitor or a member of its Tax Group is actually prejudiced by such failure to give notice.

SECTION 3.04 PAYMENTS.

(a) TIMING ADJUSTMENTS.

(i) TIMING DIFFERENCES. If a Tax audit proceeding or an amendment of a Tax Return results in a Timing Difference, and such Timing Difference results in a decrease in an indemnity obligation Conexant has or would otherwise have under Section 3.01(a) and/or an increase in the amount of a Tax refund or credit to which Conexant is entitled under Section 2.03, then in each Post-Tax Indemnification Period in which the Alpha Tax Group Actually Realizes an Income Tax Detriment, Conexant shall pay to Alpha an amount equal to such Income Tax Detriment; provided, however, that the aggregate payments which Conexant shall be required to make under this Section 3.04(a)(i) with respect to any Timing Difference shall not exceed the aggregate amount of the Income Tax Benefits realized by the Conexant Tax Group for all taxable periods and the Alpha Tax Group for all Tax Indemnification Periods as a result of such Timing Difference. Conexant shall make all such payments within ten days after Alpha notifies Conexant that the relevant Income Tax Detriment has been Actually Realized.

(ii) REVERSE TIMING DIFFERENCES. If a Tax audit proceeding or an amendment to a Tax Return results in a Reverse Timing Difference, and such Reverse Timing Difference results in an increase in an indemnity payment obligation of Conexant under Section 3.01(a) and/or a decrease in the amount of a Tax refund or credit to which Conexant is or would otherwise be entitled under Section 2.03, then in each Post-Tax Indemnification Period in which the Alpha Tax Group Actually Realizes an Income Tax Benefit, Alpha shall pay to Conexant within ten days after Alpha has Actually Realized such Income Tax Benefit an amount equal to such Income Tax Benefit; provided, however, that the aggregate payments which Alpha shall be required to make under this Section 3.04(a)(ii) with respect to Reverse Timing Differences shall not exceed the aggregate amount of the Income Tax Detriments realized by the Alpha Tax Group and the Conexant Tax Group for all Tax Indemnification Periods as a result of such Reverse Timing Difference.

(b) TIME FOR PAYMENT. Except as otherwise provided in this Section 3.04(b), any indemnity payment required to be made pursuant to this Agreement shall be paid within thirty days after the indemnified party makes written demand upon the indemnifying party, provided that in no event shall such payment be required to be made earlier than five business days prior to the date on which the relevant Taxes (including estimated Taxes) are required to be paid (or would be required to be paid if no such Taxes are due) to the relevant Tax Authority. Notwithstanding any other provision in this Agreement, to simplify the administration of this Agreement, the payment of any amount less than $100,000 required to be made pursuant to this Agreement by one party hereto to another party hereto need not be made to such other party prior to thirty days following the later of (i) the close of the calendar quarter during which such payment obligation arose and (ii) the day during such calendar quarter when the aggregate amount of all such less than $100,000 payment obligations arising during such calendar quarter exceeds $250,000. Unless otherwise specified by the recipient for items exceeding $500,000, any such payment may be made on a net Tax basis (i.e., reduced to take account of any net Tax benefit to be realized by the recipient (computed at the effective Tax rate set forth in Section 3.04(c)) to the extent such recipient is entitled to a corresponding deduction.

(c) PAYMENTS NET OF TAXES AND TAX BENEFITS. The amount of any payment under this Agreement shall be (i) reduced to take into account any net Tax benefit realized by the recipient's Tax Group arising from the incurrence or payment by such recipient's Tax Group of any amount in respect of which such payment is made and (ii) increased to take into account any net Tax cost incurred by the recipient's Tax Group as a result of the receipt or accrual of payments hereunder (grossed-up for such increase), in each case determined by treating the recipient as recognizing all other items of income, gain, loss, deduction or credit before recognizing any item arising from the receipt of accrual of any payment hereunder.

In determining the amount of any such Tax benefit or Tax cost, (I) if the recipient's Tax Group's taxable income for the year, after taking into account tax loss carryovers, is negative or zero, the recipient's Tax Group shall be deemed not subject to Tax for such purpose, and (II) in all other cases, the recipient's Tax Group shall be deemed to be subject to Tax as follows: (A) U.S. federal Income Taxes and foreign Income Taxes at the maximum statutory rate then in effect and (B) U.S. state and local Income Taxes at an assumed rate of five percent net of U.S. federal Income Tax benefits. Except as otherwise provided in this Agreement or unless the parties otherwise agree to an alternative method for determining the present value of any such anticipated Tax benefit or Tax cost, any payment hereunder shall initially be made without regard to this section and shall be increased or reduced to reflect any such net Tax cost (including gross-up) or net Tax benefit only after the recipient's Tax Group has Actually Realized such Tax cost or Tax benefit.

(d) RIGHT TO OFFSET. Any party making a payment under this Agreement shall have the right to reduce any such payment by any undisputed amounts owed to it by the other party to this Agreement.

(e) CHARACTERIZATION OF PAYMENTS. It is the intention of the parties to this Agreement that payments made pursuant to this Agreement are to be treated as relating back to the Distribution as an adjustment to capital (i.e., capital contribution or distribution), and the parties shall not take any position inconsistent with such intention before any Tax Authority, except to the extent that a final determination (as defined in Section 1313 of the Code) with respect to the recipient party causes any such payment not to be so treated.

SECTION 3.05 TAX CONTESTS. The Indemnitor and its representatives, at the Indemnitor's expense, shall be entitled to participate (a) in all conferences, meetings and proceedings with any Tax Authority, the subject matter of which is or includes an Indemnity Issue and (b) in all appearances before any court, the subject matter of which is or includes an Indemnity Issue. The party who has responsibility for filing the Tax Return under this Agreement (the "RESPONSIBLE PARTY") with respect to which there could be an increase in liability for any Tax or with respect to which a payment could be required hereunder shall have the right to decide as between the parties hereto how such matter is to be dealt with and finally resolved with the appropriate Tax Authority and shall control all audits and similar proceedings. If no Tax Return is or was required to be filed in respect of an Indemnity Issue, the Indemnitor shall be treated as the Responsible Party with respect thereto. The Responsible Party agrees to cooperate in the settlement of any Indemnity Issue with the other party and to take such other party's interests into account.

ARTICLE IV

OPTIONS; COMPENSATION PAYMENTS; INTEREST CHARGE FOR LATE PAYMENTS; CURRENCY CALCULATIONS; EFFECTIVE TIME OF TRANSACTIONS

SECTION 4.01 STOCK OPTIONS AND RESTRICTED STOCK.

(a) STOCK OPTION ADJUSTMENTS. Conexant Common Stock Options outstanding at the time of the Distribution will be adjusted in accordance with the terms of the Employee Matters Agreement.

(b) TAX DEDUCTIONS. Notwithstanding anything to the contrary in this Agreement, unless the IRS issues a contrary private letter ruling to Conexant or Alpha, or Conexant or Alpha otherwise agree in writing, (A) the Conexant Tax Group (and not the Alpha Tax Group) shall claim the post-Distribution Date Tax deductions in respect of Conexant Common Stock Options and Conexant Restricted Stock and (B) the Alpha Tax Group (and not the Conexant Tax Group) shall claim any post-Distribution Date Tax deductions in respect of Alpha Common Stock Options and Alpha Restricted Stock, except to the extent (x) the optionees or holders would not be (I) "Conexant Group Employees and Former Employees", as such term is defined in the tax allocation agreement between Conexant and Rockwell dated December 31, 1998 or (II) Alpha Group Employees and Former Employees and (y) the tax allocation agreement applicable to such optionees or holders allocates the tax deduction to the employer corporation, in which case Conexant shall, within ten days after payment is received from the employer corporation in accordance with the terms of such tax allocation agreement, pay such amounts to Alpha.

(c) NOTICES, WITHHOLDING, REPORTING.

(i) Conexant shall promptly notify Alpha of any post-Distribution Date event giving rise to income to any Alpha Group Employees and Former Employees in connection with the Conexant Common Stock Options and Conexant Restricted Stock and, if required by law, Alpha shall withhold applicable Taxes and satisfy applicable Tax reporting obligations in connection therewith. Conexant shall within ten days of demand thereof reimburse Alpha for all reasonable out-of-pocket expenses incurred in connection with the Conexant Common Stock Options and Conexant Restricted Stock, including with respect to incremental Tax reporting obligations and any incremental employment Tax obligations; provided that Alpha shall use reasonable efforts to collect any such amounts required to be paid by Alpha

Group Employees and Former Employees from such Alpha Group Employees and Former Employees.

(ii) Alpha shall promptly notify Conexant of any post-Distribution Date event giving rise to income to any Conexant Group Employees and Former Employees in connection with the Alpha Common Stock Options and Alpha Restricted Stock and, if required by law, Conexant shall withhold applicable Taxes and satisfy applicable Tax reporting obligations in connection therewith. Alpha shall within ten days of demand thereof reimburse Conexant for all reasonable out-of-pocket expenses incurred in connection with the Alpha Common Stock Options and Alpha Restricted Stock, including with respect to incremental Tax reporting obligations and any incremental employment Tax obligations; provided that Conexant shall use reasonable efforts to collect any such amounts required to be paid by Conexant Group Employees and Former Employees from such Conexant Group Employees and Former Employees.

(d) TAX AUDIT ADJUSTMENTS. Notwithstanding the provisions of Section 4.01(b), in the event a Tax audit proceeding shall determine (by settlement or otherwise), or the parties otherwise determine pursuant to Section 4.03, that all or a portion of the Tax deductions in respect of Conexant Common Stock Options and Conexant Restricted Stock or Alpha Common Stock Options and Alpha Restricted Stock should have been claimed by the Alpha Tax Group or the Conexant Tax Group, respectively, the Alpha Tax Group or the Conexant Tax Group, respectively, shall claim such Tax deductions (by an amended Tax Return or otherwise) and shall pay to Conexant or Alpha, as the case may be, the amount of any Tax refund or credit arising in respect of such Tax deduction within ten days after such Tax refund or credit is Actually Realized by the Alpha Tax Group or the Conexant Tax Group, as the case may be.

SECTION 4.02 COMPENSATION PAYMENTS.

(a) TAX DEDUCTIONS. Notwithstanding anything to the contrary in this Agreement, unless Conexant and Alpha otherwise agree in writing, (i) the Rockwell Tax Group (and not the Conexant Tax Group or the Alpha Tax Group) shall claim the Post-Distribution Date Tax deductions in respect of Compensation Payments paid by the Rockwell Tax Group to Alpha Group Employees and Former Employers, (ii) the Alpha Tax Group (and not the Conexant Tax Group) shall claim the Post-Distribution Date Tax deductions in respect of Compensation Payments paid by the Alpha Tax Group to all other Alpha Group Employees and Former Employees, and (iii) the Conexant Tax Group (and not the Alpha Tax Group) shall claim the Post-Distribution Date Tax deductions in respect of Compensation Payments paid by

the Conexant Tax Group to all other Alpha Group Employees and Former Employees.

(b) NOTICES, WITHHOLDING, REPORTING. The party responsible for making the Compensation Payments pursuant to the Employee Matters Agreement shall withhold applicable Taxes and satisfy applicable Tax reporting obligations in connection with the Compensation Payments made to all Alpha Group Employees and Former Employees.

(c) TAX AUDIT ADJUSTMENTS. Notwithstanding the provisions of Section 4.02(a), in the event a Tax audit proceeding shall determine (by settlement or otherwise), or the parties otherwise determine pursuant to Section 4.03, that all or a portion of the Tax deductions in respect of Compensation Payments paid to Alpha Group Employees and Former Employees was not available to the party claiming the Tax deduction, then the appropriate party shall claim such Tax deductions (by an amended Tax Return or otherwise) and shall pay to the party which had previously claimed such Tax deduction, within ten days after such Tax deduction has been Actually Realized by the such appropriate party, the amount of the resulting Tax benefit to such appropriate party.

SECTION 4.03 CHANGE IN LAW. Notwithstanding the agreement with respect to reporting of Tax items and the claiming of the deductions set forth in Article 4 of this Agreement, neither the Alpha Tax Group nor the Conexant Tax Group shall have any obligation to report any such Tax items or claim such deductions as set forth in such Article in the event that either such party determines, based on an opinion of nationally recognized tax counsel, which opinion shall be satisfactory to the other party, that there is no substantial authority to support reporting such Tax items or claiming such deductions on a Tax Return filed by such party as a result of a change in or amendment to any law or regulation, or any change in the official interpretation thereof, effective or occurring after the date of this Agreement, and such Tax Group provides prompt notice to the other Tax Group of any such determination.

SECTION 4.04 INTEREST CHARGE FOR LATE PAYMENTS. Any amount due and owing by one party to the other party pursuant to this Agreement that is not paid when due shall bear interest from the due date thereof until paid at a rate equal to the prime rate of Citibank, N.A. in effect on the date such payment was required to be made.

SECTION 4.05 CURRENCY CALCULATIONS. All currency calculations shall be made in accordance with Section 7.17 of the Distribution Agreement.

SECTION 4.06 EFFECTIVE TIME OF TRANSACTION. Conexant and Alpha agree that any transaction that, pursuant to the Distribution Agreement, is expressly effective immediately after the Time of Distribution shall be treated for federal Income Tax purposes as occurring at the beginning of the day following the Distribution Date.

## ARTICLE V

## COOPERATION AND EXCHANGE OF INFORMATION

SECTION 5.01 INCONSISTENT ACTIONS. Each party to this Agreement agrees (i) to, and to cause each of the relevant members of its Tax Group to, report the Contribution and Distribution as a reorganization described in Sections 355 and 368 of the Code and the Merger as a reorganization described in Section 368 of the Code on all Tax Returns and other filings, (ii) to use its best efforts to ensure that the Distribution and the Merger receive such treatment for U.S. federal Income Tax purposes and (iii) that, unless it has obtained the prior written consent of the other party, it (and the members of its Tax Group) shall not take any action inconsistent with, or fail to take any action required by, the Transaction Agreements and the Merger Agreement. For all Post-Distribution Taxable Periods, each party to this Agreement agrees to, and to cause each of the relevant members of its Tax Group to, in the absence of a controlling change in law or circumstances, report on all Tax Returns the tax consequences of the transactions undertaken pursuant to the Transaction Agreements, the Merger Agreement, the Stock Purchase Agreement, the Asset Purchase Agreements and the Ruling Request in accordance with the positions taken (including valuations and purchase price allocations) with respect to such transactions to the extent reported on Tax Returns filed with respect to all Pre-Distribution Taxable Periods and Straddle Periods in respect of such transactions.

SECTION 5.02 RULING REQUEST. Each party hereto represents that neither it (nor any of the members of its Tax Group) will take or has any plan or intention to take any action which is inconsistent with any factual statements, representations or other similar conditions contained in the Ruling Request or in the Ruling.

SECTION 5.03 [INTENTIONALLY OMITTED].

SECTION 5.04 COOPERATION AND EXCHANGE OF INFORMATION. Each party hereto agrees to provide, and to cause each member of its Tax Group to provide, such cooperation and information as such other party shall request, on a timely basis, in connection with the preparation or filing of any Tax Return or claim for Tax refund

not inconsistent with this Agreement or in conducting any Tax audit, Tax dispute, or otherwise in respect of Taxes or to carry out the provisions of this Agreement (including any cooperation required to carry out the intentions of the parties as set forth in the preamble), which cooperation and information shall include in particular, making its employees involved in the research and development process available to the other party and having such employees provide such assistance as the other party may require for such purposes, provided, however, that neither party shall be obligated to provide the other party Tax Returns, documentation or other information of a proprietary or confidential nature for purposes of verifying any calculation, and provided further, that in any such case where one party does not provide the other party with Tax Returns, documentation or information because it is proprietary or confidential, both parties shall cooperate in developing mutually acceptable procedures including retaining a mutually agreeable accounting firm to review such Tax Returns, documentation or information for purposes of verifying such calculation. To the extent necessary to carry out the purposes of this Agreement and subject to the other provisions of this Agreement, such cooperation and information shall include without limitation the non-exclusive designation of an officer of Conexant as an officer of Alpha and each of its affiliates for the purpose of signing Tax Returns, cashing refund checks, pursuing refund claims, dealing with Tax Authorities and defending audits as well as promptly forwarding copies of appropriate notices and forms or other communications received from or sent to any Tax Authority which relate to the Alpha Tax Group for the Tax Indemnification Period and providing copies of all relevant Tax Returns for the Tax Indemnification Period, together with accompanying schedules and related workpapers, documents relating to rulings or other determinations by Tax Authorities, including without limitation, foreign Tax Authorities, and records concerning the ownership and Tax basis of property, which either party may possess. Subject to the rights of the Alpha Tax Group under the other provisions of this Agreement, such officer shall have the authority to execute powers of attorney (including Form 2848) on behalf of each member of the Alpha Tax Group with respect to Tax Returns for the Tax Indemnification Period. Each party to this Agreement shall make, or shall cause its affiliates to make, its employees and facilities available on a mutually convenient basis to provide an explanation of any documents or information provided hereunder.

SECTION 5.05 TAX RECORDS.

(a) Conexant and Alpha agree to (and to cause each member of their respective Tax Group to) (i) retain all Tax Returns, related schedules and workpapers, and all material records and other documents as required under Section 6001 of the Code and the regulations promulgated thereunder relating thereto existing on the date hereof or created through the Distribution Date, for a period of at least ten years following the Distribution Date and (ii) allow the party to this

Agreement, at times and dates reasonably acceptable to the retaining party, to inspect, review and make copies of such records, as Conexant and Alpha may reasonably deem necessary or appropriate from time to time. In addition, after the expiration of such ten-year period, such Tax Returns, related schedules and workpapers, and material records shall not be destroyed or otherwise disposed of at any time, unless, prior to such destruction or disposal, (A) the party proposing to destroy or otherwise dispose of such records shall provide no less than 30 days' prior written notice to the other party, specifying in reasonable detail the records proposed to be destroyed or disposed of and (B) if a recipient of such notice shall request in writing prior to the scheduled date for such destruction or disposal that any of the records proposed to be destroyed or disposed of be delivered to such requesting party, the party proposing the destruction or disposal shall promptly arrange for the delivery of such requested records at the expense of the party requesting such records.

(b) Notwithstanding anything in this Agreement to the contrary, if any party fails to comply with the requirements of Section 5.05(a) hereof, the party failing so to comply shall be liable for, and shall hold the other party, harmless from, any Taxes (including without limitation, penalties for failure to comply with the record retention requirements of the Code) and other costs resulting from such party's failure to comply.

## ARTICLE VI

## MISCELLANEOUS

SECTION 6.01 ENTIRE AGREEMENT; CONSTRUCTION. This Agreement, the Distribution Agreement, all other Transaction Agreements and the Merger Agreement, including any annexes, schedules and exhibits hereto or thereto, and other agreements and documents referred to herein and therein, will together constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and will supersede all prior negotiations, agreements and understandings of the parties of any nature, whether oral or written, with respect to such subject matter. Notwithstanding any other provisions in this Agreement to the contrary, in the event and to the extent that there is a conflict relating to Taxes between the provisions of this Agreement and the provisions of the Distribution Agreement, any other Transaction Agreement or the Merger Agreement, the provisions of this Agreement will control.

SECTION 6.02 EFFECTIVENESS. All covenants and agreements of the parties contained in this Agreement shall be subject to and conditioned upon the Distribution becoming effective.

SECTION 6.03 SURVIVAL OF AGREEMENTS. Except as otherwise contemplated by this Agreement, all covenants and agreements of the parties contained in this Agreement will remain in full force and effect and survive the Time of Distribution.

SECTION 6.04 GOVERNING LAW. This Agreement will be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and to be performed entirely within such State, without regard to the conflicts of law principles of such State.

SECTION 6.05 NOTICES. All notices, requests, claims, demands and other communications required or permitted to be given hereunder will be in writing and will be delivered by hand, telecopied, e-mailed or sent, postage prepaid, by registered, certified or express mail or reputable overnight courier service and will be deemed given when so delivered by hand or telecopied, when e-mail confirmation is received if delivered by e-mail, or three business days after being so mailed (one business day in the case of express mail or overnight courier service). All such notices, requests, claims, demands and other communications will be addressed as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

(a) If to Conexant:

Conexant Systems, Inc.
4311 Jamboree Road
Newport Beach, California 92660-3095

Attention: Dwight W. Decker
Chairman of the Board and Chief Executive Officer
Telecopy: (949) 483-4318
E-mail: dwight.decker@conexant.com

with a copy to:

Conexant Systems, Inc.
4311 Jamboree Road
Newport Beach, California 92660-3095

Attention: Dennis E. O'Reilly, Esq.
Senior Vice President, General Counsel
and Secretary
Telecopy: (949) 483-6388
E-mail: dennis.o'reilly@conexant.com

(b) If to Washington after the Effective Time:

Washington Sub, Inc.
c/o Alpha Industries, Inc.
20 Sylvan Road
Woburn, Massachusetts 01801

Attention: Paul E. Vincent
Chief Financial Officer
Telecopy: (617) 824-4426
E-mail: pvincent@alphaind.com

with a copy to:

Alpha Industries, Inc.
20 Sylvan Road
Woburn, Massachusetts 01801

Attention: James K. Jacobs, Esq.
General Counsel
Telecopy: (617) 824-4564
E-mail: jjacobs@alphaind.com

(c) If to Alpha

Alpha Industries, Inc.
20 Sylvan Road
Woburn, Massachusetts 01801

Attention: Paul E. Vincent
Chief Financial Officer
Telecopy: (617) 824-4426
E-mail: pvincent@alphaind.com

with a copy to:

Alpha Industries, Inc.
20 Sylvan Road
Woburn, Massachusetts 01801

Attention: James K. Jacobs, Esq.
General Counsel
Telecopy: (617) 824-4564
E-mail: jjacobs@alphaind.com

SECTION 6.06 DISPUTE RESOLUTION. Any dispute, claim or controversy arising out of or relating to any provision of this Agreement or the breach, performance, enforcement or validity or invalidity thereof will be resolved in accordance with the procedures set forth in Section 7.05 of the Distribution Agreement, provided that each such mediator or arbitrator selected pursuant to such procedures shall have an expertise in Tax matters.

SECTION 6.07 CONSENT TO JURISDICTION. Each of Conexant, Washington and Alpha irrevocably submits to the exclusive jurisdiction of (i) the Court of Chancery in and for the State of Delaware and the Superior Court in and for the State of Delaware and (ii) the United States District Court for the District of Delaware, for the purposes of any suit, action or other proceeding arising out of or relating to this Agreement or any transaction contemplated hereby or the breach, performance, enforcement or validity or invalidity of any thereof (and agrees not to commence any action, suit or proceeding relating thereto except in such courts). Each of Conexant, Washington and Alpha further agrees that service of any process, summons, notice or document hand delivered or sent by U.S. registered mail to such party's respective address set forth in Section 6.05 will be effective service of process for any action, suit or proceeding in Delaware with respect to any matters to which it

has submitted to jurisdiction as set forth in the immediately preceding sentence. Each of Conexant, Washington and Alpha irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby or the breach, performance, enforcement or validity or invalidity of any thereof in (i) the Court of Chancery in and for the State of Delaware and the Superior Court in and for the State of Delaware or (ii) the United States District Court for the District of Delaware, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. Notwithstanding the foregoing, each party agrees that a final judgment in any action, suit or proceeding so brought shall be conclusive and may be enforced by suit on the judgment in any jurisdiction or in any other manner provided in law or in equity

SECTION 6.08 AMENDMENTS. This Agreement cannot be amended, modified or supplemented except by a written agreement executed by Conexant and Alpha.

SECTION 6.09 SUCCESSORS AND ASSIGNS. Neither party to this Agreement will convey, assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the other party in its sole and absolute discretion. Notwithstanding the foregoing, Conexant or Alpha may (without obtaining any consent) assign, delegate or sublicense all or any portion of its rights and obligations hereunder to (i) the surviving entity resulting from a merger or consolidation involving such party, (ii) the acquiring entity in a sale or other disposition of all or substantially all of the assets of such party as a whole or of any line of business or division of such party, or (iii) any other Person that is created as a result of a spin-off from, or similar reorganization transaction of, such party or any line of business or division of such party. In the event of an assignment pursuant to (ii) or (iii) above, the nonassigning party shall, at the assigning party's request, use good faith commercially reasonable efforts to enter into separate agreements with each of the resulting entities and take such further actions as may be reasonably required to assure that the rights and obligations under this Agreement are preserved, in the aggregate, and divided equitably between such resulting entities. Any such conveyance, assignment or transfer requiring the prior written consent of another party which is made without such consent will be void ab initio. No assignment of this Agreement will relieve the assigning party of its obligations hereunder.

SECTION 6.10 CAPTIONS; CURRENCY. The article, section and paragraph captions herein and the table of contents hereto are for convenience of reference only, do not constitute part of this Agreement and will not be deemed to limit or otherwise affect any of the provisions hereof. Unless otherwise specified, all

references herein to numbered articles or sections are to articles and sections of this Agreement and all references herein to schedules are to schedules to this Agreement. Unless otherwise specified, all references contained in this Agreement or in any schedule referred to herein to dollars or "$" shall mean U.S. dollars.

SECTION 6.11 SEVERABILITY. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances other than those as to which it has been held invalid or unenforceable, will remain in full force and effect and will in no way be affected, impaired or invalidated thereby. If the economic or legal substance of the transactions contemplated hereby is affected in any manner adverse to any party as a result thereof, the parties will negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect the original intent of the parties.

SECTION 6.12 PARTIES IN INTEREST. Except for the provisions of Article III relating to Tax Indemnification, this Agreement is solely for the benefit of the parties hereto and the respective members of their Tax Group and should not be deemed to confer upon third parties (including any employee of Conexant or Alpha or of any Conexant or Alpha subsidiary) any remedy, claim, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

SECTION 6.13 SCHEDULES. All schedules attached hereto are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Capitalized terms used in the schedules hereto but not otherwise defined therein will have the respective meanings assigned to such terms in this Agreement.

SECTION 6.14 WAIVERS; REMEDIES. No failure or delay by any party hereto in exercising any right, power or privilege hereunder will operate as a waiver thereof, nor will any waiver on the part of any party hereto of any right, power or privilege hereunder operate as a waiver of any other right, power or privilege hereunder, nor will any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. Subject to Section 6.06, the rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies which the parties may otherwise have at law or in equity.

SECTION 6.15 COUNTERPARTS. This Agreement may be executed in separate counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts will together constitute the same agreement.

SECTION 6.16 PERFORMANCE. Each party hereto will cause to be performed, and hereby guarantees the performance of all actions, agreements and obligations set forth herein to be performed by any subsidiary or any member of such party's Tax Group.

SECTION 6.17 INTERPRETATION. Any reference to any Federal, state, local, or foreign Law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. For the purposes of this Agreement, (i) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires, (ii) the terms "hereof ", "herein", and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement and (iii) the word "including" and words of similar import when used in this Agreement shall mean "including, without limitation".

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the parties as of the date first hereinabove written.

CONEXANT SYSTEMS, INC.

By: /s/ DENNIS E. O'REILLY
---
Name: Dennis E. O'Reilly
Title: Senior Vice President, General Counsel & Secretary

WASHINGTON SUB, INC.

By: /s/ DENNIS E. O'REILLY
---
Name: Dennis E. O'Reilly
Title: Vice President and Secretary

ALPHA INDUSTRIES, INC.

By: /s/ PAUL E. VINCENT
---
Name: Paul E. Vincent
Title: Vice President, Chief Financial Officer, Treasurer & Secretary

EXHIBIT 99.3

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# EMPLOYEE MATTERS AGREEMENT

by and among

CONEXANT SYSTEMS, INC.,

WASHINGTON SUB, INC.

and

ALPHA INDUSTRIES, INC.

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June 25, 2002

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# EMPLOYEE MATTERS AGREEMENT

EMPLOYEE MATTERS AGREEMENT (this "Agreement") dated as of June 25, 2002 by and among CONEXANT SYSTEMS, INC., a Delaware corporation ("Conexant"), WASHINGTON SUB, INC., a Delaware corporation and a wholly-owned subsidiary of Conexant ("Washington"), and ALPHA INDUSTRIES, INC., a Delaware corporation ("Alpha").

WHEREAS, Conexant, Washington and Alpha have entered into an Agreement and Plan of Reorganization dated as of December 16, 2001, as amended as of April 12, 2002 (the "Merger Agreement"), providing for, among other things, the merger of Washington with and into Alpha, with Alpha being the surviving corporation;

WHEREAS, Conexant and Washington also have entered into a Contribution and Distribution Agreement dated as of December 16, 2001, as amended (the "Distribution Agreement"), pursuant to which (a) all the Washington Assets (as defined in the Distribution Agreement) will be contributed to Washington and/or to one or more of the Washington Subsidiaries (as defined in the Distribution Agreement) and all of the Washington Liabilities (as defined in the Distribution Agreement) will be assumed by Washington and/or by one or more of the Washington Subsidiaries, all as provided in the Distribution Agreement (the "Contribution") and (b) issued and outstanding shares of Common Stock, par value $.01 per share, of Washington ("Washington Common Stock") will be distributed on a pro rata basis to Conexant's stockholders as provided in the Distribution Agreement (the "Distribution");

WHEREAS, the execution and delivery of this Agreement by the parties hereto is a condition to the obligations of the parties to the Merger Agreement to consummate the Merger (as defined in the Merger Agreement);

WHEREAS, the execution and delivery of this Agreement by the parties hereto is a condition to the obligations of the parties to the Distribution Agreement to consummate the Distribution; and

WHEREAS, in connection with the Contribution and the Distribution, Conexant and Washington have determined that it is appropriate and desirable to provide for the allocation of certain assets and liabilities and certain other matters relating to employees, employee benefit plans and compensation arrangements;

NOW, THEREFORE, in consideration of the premises and of the respective agreements and covenants contained in this Agreement, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 General. Capitalized terms used in this Agreement (or in any Schedule to this Agreement) but not defined herein (other than the names of employee benefit plans) will have the meanings ascribed to such terms in the Distribution Agreement. As used in this Agreement (or in any Schedule to this Agreement), the terms defined in Schedule 1.01 have the meanings set forth in Schedule 1.01 and the following terms have the following meanings (in each case, such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"ACTIVE CONEXANT EMPLOYEE" means any individual who, immediately after the Time of Distribution, will be employed by a member of the Conexant Group pursuant to Section 2.01(b).

"ACTIVE WASHINGTON EMPLOYEE" means any individual who, immediately after the Time of Distribution, will be employed by a member of the Washington Group pursuant to Section 2.01(a).

"AGREEMENT" has the meaning set forth in the preamble.

"ALPHA" has the meaning set forth in the preamble.

"CODE" means the Internal Revenue Code of 1986, as amended, or any successor legislation.

"CONEXANT" has the meaning set forth in the preamble.

"CONEXANT DEFERRED COMPENSATION PLAN" means the Conexant Systems, Inc. Deferred Compensation Plan, including all amendments thereto through the Distribution Date.

"CONEXANT DEFERRED COMPENSATION PLAN RABBI TRUST" means the Conexant Systems, Inc. master rabbi trust relating to the Conexant Deferred Compensation Plan, including all amendments thereto through the Distribution Date.

"CONEXANT 1999 ESPP" means the Conexant Systems, Inc. 1999 Employee Stock Purchase Plan, including all amendments thereto through the Distribution Date, under which no Offering Periods (as defined in the plan) are currently outstanding.

"CONEXANT 2001 ESPP" means the Conexant Systems, Inc. 2001 Employee Stock Purchase Plan, including all amendments thereto through the Distribution Date.

"CONEXANT HOURLY SAVINGS PLAN" means the Conexant Systems, Inc. Hourly Employees' Savings Plan, including all amendments thereto through the Distribution Date.

"CONEXANT NON-QUALIFIED ESPP" means the Conexant Systems, Inc. Non-Qualified Employee Stock Purchase Plan, including all amendments thereto through the Distribution Date.

"CONEXANT NON-QUALIFIED SAVINGS PLAN" means the Conexant Systems, Inc. Non-Qualified Retirement Savings Plan, including all amendments thereto through the Distribution Date.

"CONEXANT OPTION" means an option to purchase from Conexant shares of Conexant Common Stock granted pursuant to or governed by one of the Conexant Stock Plans which is outstanding immediately prior to the Time of Distribution.

"CONEXANT PARTICIPANT" means any individual who, immediately after the Time of Distribution, is (a) an Active Conexant Employee, (b) a Former Conexant Employee or (c) a beneficiary of either of the foregoing.

"CONEXANT PERFORMANCE SHARE PLAN" means the Conexant Systems, Inc. 2001 Performance Share Plan, including all amendments thereto through the Distribution Date.

"CONEXANT SAVINGS PLAN" means the Conexant Systems, Inc. Retirement Savings Plan, including all amendments thereto through the Distribution Date.

"CONEXANT SPLIT OPTION" means each Conexant Option (other than the Mindspeed March 30 Options).

"CONEXANT STOCK PLANS" means each of the following plans:

(i) Conexant Systems, Inc. 1998 Stock Option Plan;

(ii) Conexant Systems, Inc. 1999 Long-Term Incentives Plan;

(iii) Conexant Systems, Inc. 2000 Non-Qualified Stock Plan;

(iv) Conexant Systems, Inc. Directors Stock Plan;

(v) Istari Design, Inc. 1997 Stock Option Plan;

(vi) Microcosm Communications Limited Stock Option Plan;

(vii) Maker Communications, Inc. 1999 Stock Incentive Plan;

(viii) Maker Communications, Inc. 1996 Stock Option Plan;

(ix) Applied Telecom, Inc. 2000 Non-Qualified Stock Option Plan;

(x) Philsar Semiconductor Inc. Stock Option Plan;

(xi) Sierra Imaging, Inc. 1996 Stock Option Plan;

(xii) HotRail, Inc. 1997 Equity Incentive Plan;

(xiii) HotRail, Inc. 2000 Equity Plan;

(xiv) NetPlane Systems, Inc. Stock Option Plan;

(xv) Novanet Semiconductor Ltd. Employee Shares Option Plan; and

(xvi) HyperXS Communications, Inc. 2000 Stock Option Plan;

in each case, including all amendments thereto through the Distribution Date.

"CONEXANT VERP" means the Conexant Systems, Inc. Voluntary Early Retirement Program, including all amendments thereto through the Distribution Date.

"CONEXANT VERP TRUST" means the Conexant Systems, Inc. trust relating to the Conexant VERP, including all amendments thereto through the Distribution Date.

"CONEXANT WELFARE PLANS" has the meaning set forth in Section 6.01(a).

"CONTRIBUTION" has the meaning set forth in the recitals.

"DISTRIBUTION" has the meaning set forth in the recitals.

"DISTRIBUTION AGREEMENT" has the meaning set forth in the recitals.

"EFFECTIVE TIME" has the meaning set forth in the Merger Agreement.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, or any successor legislation.

"FORMER CONEXANT EMPLOYEE" means any Pre-Distribution Group Employee who is not, immediately after the Time of Distribution, an Active Conexant Employee or an Active Washington Employee, and whose most recent active employment with Conexant or any other member of the Pre-Distribution Group (but with respect to each such member who has ceased to be an Affiliate of Conexant or its predecessors, prior to the time that such member of the Pre-Distribution Group ceased to be an Affiliate of Conexant or its predecessors) was with the Conexant Business.

"FORMER WASHINGTON EMPLOYEE" means any Pre-Distribution Group Employee who is not, immediately after the Time of Distribution, an Active Washington Employee or an Active Conexant Employee, and whose most recent active employment with Conexant or any other member of the Pre-Distribution Group (but with respect to each such member who has ceased to be an Affiliate of Conexant or its predecessors, prior to the time that such member of the Pre-Distribution Group

ceased to be an Affiliate of Conexant or its predecessors) was with the Washington Business or, to the extent such Pre-Distribution Group Employee's function was primarily related to the Washington Business, the corporate office of Conexant.

"INCENTIVE COMPENSATION PLANS" means each of the following plans:

(i) Peak Performance Plan, Conexant's Annual Incentive Plan;

(ii) Peak Performance Plan - Marketing, Conexant's Annual Incentive Plan; and

(iii) Conexant Systems, Inc. FY02 Sales Compensation Plan.

"MERGER AGREEMENT" has the meaning set forth in the recitals.

"MINDSPEED MARCH 30 OPTIONS" means those Conexant Options granted to employees of Conexant's Mindspeed Technologies business on March 30, 2001 and those Conexant Options held by persons in certain foreign locations (none of whom is an Active Washington Employee), as determined by the Compensation and Management Development Committee of the Board of Directors of Conexant and set forth on Schedule 1.01(b).

"PRE-DISTRIBUTION GROUP" has the meaning set forth in the Distribution Agreement.

"PRE-DISTRIBUTION GROUP EMPLOYEE" means any individual who was, at any time prior to the Time of Distribution, employed by Conexant or any other member of the Pre-Distribution Group (but with respect to each such member who has ceased to be an Affiliate of Conexant or its predecessors, prior to the time that such member of the Pre-Distribution Group ceased to be an Affiliate of Conexant or its predecessors).

"RETURNING WASHINGTON EMPLOYEE" has the meaning set forth in Section 2.01(c).

"WASHINGTON" has the meaning set forth in the preamble.

"WASHINGTON COMMON STOCK" has the meaning set forth in the recitals.

"WASHINGTON ESPP" has the meaning set forth in Section 6.06(a).

"WASHINGTON NON-QUALIFIED ESPP" has the meaning set forth in Section 6.06(a).

"WASHINGTON OPTION" means an option to purchase from Washington shares of Washington Common Stock provided to a holder of a Conexant Split Option pursuant to Section 5.01(a).

"WASHINGTON PARTICIPANT" means any individual who, immediately after the Time of Distribution, is (a) an Active Washington Employee, (b) a Former Washington Employee or (c) a beneficiary of either of the foregoing.

"WASHINGTON SAVINGS PLAN" has the meaning set forth in Section 3.01(a).

"WASHINGTON STOCK PLANS" has the meaning set forth in Section 5.01(b).

"WASHINGTON VERP" has the meaning set forth in Section 6.07(a).

"WASHINGTON VERP TRUST" has the meaning set forth in Section 6.07(a).

"WASHINGTON WELFARE PLANS" has the meaning set forth in Section 6.01(a).

"WELFARE PLAN" means an employee welfare benefit plan as defined in Section 3(1) of ERISA, including medical, vision, dental and other health plans, retiree health plans, life insurance plans, retiree life insurance plans, accidental death and dismemberment plans, long-term disability plans and severance pay plans.

"WIRELESS EMPLOYEE" has the meaning set forth in Section 2.01(c).

## ARTICLE II

## EMPLOYEES

Section 2.01 Employees. (a) Each individual who is employed by Conexant or any of its Subsidiaries (including members of the Washington Group and members of the Conexant Group) immediately prior to the Time of Distribution and who is identified on the attached Schedule 2.01 (including those individuals identified on Schedule 2.01 who are actively employed or on lay-off, leave, short-term or long-term disability or other permitted absence from employment) will be or will continue to be employed by a member of the Washington Group immediately after the Time of Distribution and will be an Active Washington Employee.

(b) Each individual (other than those identified on Schedule 2.01) who is employed by Conexant or any of its Subsidiaries (including members of the Washington Group and members of the Conexant Group) immediately prior to the Time of Distribution (including those who are actively employed or on lay-off, leave, short-term or long-term disability or other permitted absence from employment) will be or will continue to be employed by a member of the Conexant Group immediately after the Time of Distribution and will be an Active Conexant Employee.

(c) Notwithstanding the foregoing, in the event that on or prior to December 31, 2003, any Active Washington Employee returns directly from employment with Alpha or any of its Subsidiaries to employment with Conexant or any of its Subsidiaries (a "Returning Washington Employee") or any Active Conexant Employee leaves employment

with Conexant or any of its Subsidiaries and is employed directly by Alpha or any of its Subsidiaries (a "Wireless Employee"), in each case, with the prior written consent of either (x) both the Chief Executive Officer of Conexant and the Chief Executive Officer of Alpha or (y) both the Senior Vice President, Human Resources of Conexant and the Vice President, Human Resources of Alpha, then:

(i) Conexant shall credit such Returning Washington Employee (A) under welfare benefit plans of Conexant and its Subsidiaries with all service and other items which have been credited or accumulated for the benefit of such Returning Washington Employee under the corresponding welfare benefit plans of Alpha or its Subsidiaries and (B) with all service with Alpha and its Subsidiaries for purposes of eligibility and vesting (but not for benefit accrual or contributions) under any savings plan, retirement plan, stock option plan, incentive compensation plan, deferred compensation plan, performance share plan, employee stock purchase plan or other similar plan of Conexant and its Subsidiaries, and such Returning Washington Employee will be considered to have been in continuous service with Conexant and its Subsidiaries during the combined period of employment with both Conexant and its Subsidiaries and Alpha and its Subsidiaries and will not be considered to have terminated employment with Conexant and its Subsidiaries as a result of the Distribution and the Merger; and

(ii) Alpha shall credit such Wireless Employee (A) under welfare benefit plans of Alpha and its Subsidiaries with all service and other items which have been credited or accumulated for the benefit of such Wireless Employee under any welfare benefit plans of Conexant or its Subsidiaries and (B) with all service with Conexant and its Subsidiaries for purposes of eligibility and vesting (but not for benefit accrual or contributions) under any savings plan, retirement plan, stock option plan, incentive compensation plan, deferred compensation plan, performance share plan, employee stock purchase plan or other similar plan of Alpha and its Subsidiaries, as if such Wireless Employee had become an Active Washington Employee as of the Time of Distribution pursuant to the terms of this Agreement.

(d) Effective as of the Time of Distribution, (i) for immigration purposes Washington will be the successor-in-interest to any and all pending or approved visa petitions (whether with the U.S. Immigration and Naturalization Service or U.S. Department of Labor), including pending or completed Labor Condition Applications, made by Conexant and its Subsidiaries with respect to Active Washington Employees, and Washington will adopt and accept all representations made by Conexant in any of these petitions and applications, (ii) Washington will adopt any Labor Condition Application included in the "Public Access Folders" for Active Washington Employees who have H-1B visas, and (iii) Washington will adopt any existing I-9 certifications of Conexant and its Subsidiaries with respect to Active Washington Employees.

(e) Nothing contained in this Section 2.01 is intended to confer upon any employee of the Conexant Group or the Washington Group any right to continued employment after the Time of Distribution.

ARTICLE III

SAVINGS PLANS

Section 3.01 Retirement Savings Plan. (a) As of the Effective Time, Washington or Alpha will have established, and will cover Active Washington Employees who were eligible to participate in the Conexant Savings Plan prior to the Time of Distribution under, a new or existing defined contribution plan (the "Washington Savings Plan"), which will be qualified pursuant to Sections 401(a) and 401(k) of the Code, and will have established a related trust which will be exempt from taxation under Section 501(a) of the Code. The Washington Savings Plan will credit each participating Active Washington Employee thereunder for purposes of eligibility and vesting with all service which had been credited to such employee for such purposes under the Conexant Savings Plan immediately prior to the Time of Distribution.

(b) After the Time of Distribution, each Active Washington Employee who participated in the Conexant Savings Plan prior to the Time of Distribution will be permitted to rollover his or her account balances from the Conexant Savings Plan to the Washington Savings Plan in accordance with the terms of the respective plans and applicable law; provided, however, that to the extent that any Active Washington Employee has any outstanding loans related to his or her account balances in the Conexant Savings Plan, such Active Washington Employee will not be permitted to rollover his or her account balances to the Washington Savings Plan until such loan has been repaid in full to the Conexant Savings Plan.

(c) Effective as of the Time of Distribution, Active Washington Employees will cease to be eligible to contribute to, or receive contributions in respect of, their Conexant Savings Plan accounts. None of Washington, any other member of the Washington Group, Affiliates of the foregoing, the Washington Savings Plan or the trust thereunder will have or acquire any interest in or right to any of the assets of the Conexant Savings Plan, and Conexant will retain full power and authority with respect to the amendment and termination of the Conexant Savings Plan and the investment and disposition of assets held in the Conexant Savings Plan to the extent permitted by law.

Section 3.02 Hourly Employees' Savings Plan. As of the Time of Distribution, Conexant will retain sponsorship of the Conexant Hourly Savings Plan. No Active Washington Employees or Former Washington Employees are eligible to participate in the Conexant Hourly Savings Plan. Accordingly, none of Washington or any member of the Washington Group will have or retain any interest in or right to any of the assets of the Conexant Hourly Savings Plan or will have any Liabilities with respect to such plan, and Conexant will have full power and authority with respect to the Conexant Hourly Savings Plan.

Section 3.03 Non-Qualified Retirement Savings Plan. As of the Time of Distribution, Conexant will retain sponsorship of the Conexant Non-Qualified Retirement Savings Plan. Effective as of the Effective Time, each Washington Participant set forth on

Schedule 3.03 who was eligible to participate in the Conexant Non-Qualified Savings Plan prior to the Time of Distribution will be treated as having terminated employment with Conexant and the Conexant Subsidiaries for purposes of determining his or her eligibility to participate in the Conexant Non-Qualified Savings Plan and will be paid his or her vested account balance pursuant to the terms of the plan. Accordingly, none of Washington or any member of the Washington Group will have or retain any interest in or right to any of the assets of the Conexant Non-Qualified Savings Plan or, except as set forth in the immediately following sentence, will have any Liabilities with respect to such plan, and Conexant will have full power and authority with respect to the Conexant Non-Qualified Savings Plan. Notwithstanding anything to the contrary in this Section 3.03, within three Business Days (as defined in the Merger Agreement) after the Time of Distribution, Washington shall pay to Conexant an amount equal to the vested account balances paid or to be paid to such Washington Participants by Conexant pursuant to the terms of the Conexant Non-Qualified Savings Plan and this Section 3.03.

## ARTICLE IV

## PENSION PLANS

[INTENTIONALLY OMITTED]

## ARTICLE V

## STOCK PLANS

Section 5.01 Stock Plans. (a) Conexant and Washington will take all action necessary or appropriate so that each Conexant Split Option that is outstanding immediately prior to the Time of Distribution is adjusted pursuant to the equitable adjustment and other provisions of the applicable Conexant Stock Plan under which such Conexant Split Option was granted in the manner described in this Section 5.01. The number of shares of Conexant Common Stock subject to such adjusted Conexant Split Option and the per-share exercise price of such adjusted Conexant Split Option will be determined as set forth on Schedule 5.01(a)(i). Each such adjusted Conexant Split Option will otherwise have the same terms and conditions as those in effect immediately prior to the adjustment. In addition, each person holding a Conexant Split Option that is outstanding immediately prior to the Time of Distribution will receive a Washington Option pursuant to the equitable adjustment and other provisions of the applicable Conexant Stock Plan under which such Conexant Split Option was granted. The number of shares of Washington Common Stock subject to such Washington Option and the per-share exercise price of such Washington Option will be determined as set forth on Schedule 5.01(a)(ii). Each such Washington Option will otherwise have substantially the same terms and conditions as the corresponding Conexant Split Option being adjusted, except that references to Conexant will be changed to refer to Washington and references to any of the Conexant Stock Plans will be changed to refer to Washington's applicable stock option plan.

(b) Prior to the Time of Distribution, Washington will have established one or more stock option plans (the "Washington Stock Plans") the purposes of which are to provide a means for Washington to perform its obligations with respect to Washington Options derived from the Conexant Split Options and which will be substantially similar in all material respects to the corresponding Conexant Stock Plan governing the Conexant Split Option from which the Washington Option was derived and will provide that solely for purposes of vesting and treatment of the Washington Options upon termination of employment, retirement, death or disability under the Washington Stock Plan, continued employment of the holder of any Washington Option who is not an Active Washington Employee with such holder's current employer (or an Affiliate thereof) shall be treated as continued employment with Washington. From and after the Time of Distribution, Washington will retain sponsorship of and will be solely responsible for the Washington Stock Plans.

(c) The Conexant Stock Plans will provide that solely for purposes of vesting and treatment of the Conexant Split Options upon termination of employment, retirement, death or disability under the Conexant Stock Plans, continued employment of any Active Washington Employee who holds a Conexant Split Option with Washington or Alpha (or an Affiliate thereof) shall be treated as continued employment with Conexant. From and after the Time of Distribution, Conexant will retain sponsorship of and will be solely responsible for the Conexant Stock Plans.

(d) Conexant and Washington will take all action necessary or appropriate so that each Mindspeed March 30 Option that is outstanding immediately prior to the Time of Distribution is adjusted pursuant to the equitable adjustment and other provisions of the applicable Conexant Stock Plan under which such Mindspeed March 30 Option was granted in the manner described in this Section 5.01(d). The number of shares of Conexant Common Stock subject to such adjusted Mindspeed March 30 Option and the per-share exercise price of such adjusted Mindspeed March 30 Option will be determined as set forth on Schedule 5.01(d). Each such adjusted Mindspeed March 30 Option will otherwise have the same terms and conditions as those in effect immediately prior to the adjustment.

## ARTICLE VI

## OTHER EMPLOYEE PLANS AND MATTERS

Section 6.01 Welfare Plans. (a) Effective as of the Effective Time, Washington or Alpha will have established, and will cover Washington Participants under, new or existing Welfare Plans and other employee welfare benefit and fringe benefit arrangements (collectively, "Washington Welfare Plans") that are comparable in the aggregate to the Welfare Plans and other employee welfare benefit and fringe benefit arrangements maintained by Conexant and its Subsidiaries (including members of the Washington Group) prior to the Time of Distribution in which Washington Participants were eligible to participate immediately prior to the Time of Distribution ("Conexant Welfare Plans"), with such changes or amendments thereto as Washington may deem appropriate.

(b) The Washington Welfare Plans will provide for the immediate participation of those Washington Participants who participated in the corresponding Conexant Welfare Plans immediately prior to the Time of Distribution. Each of the Washington Welfare Plans will credit each Washington Participant thereunder for all Washington Welfare Plan purposes with all service and any other item which had been credited to or otherwise accumulated for the benefit of such Washington Participant under the corresponding Conexant Welfare Plans immediately prior to the Time of Distribution, including service credited toward any waiting periods and amounts credited toward any medical or health insurance deductible or co-payment (except to the extent that such crediting would result in the duplication of benefits). Without limiting the generality of the foregoing, each Washington Welfare Plan, to the extent applicable: (i) will recognize all amounts applied to deductibles, co-payments, out-of-pocket maximums and lifetime maximum benefits with respect to Washington Participants under the corresponding Conexant Welfare Plan for the plan year that includes the Time of Distribution and for prior periods (if applicable); (ii) will recognize all service credited to waiting periods with respect to Washington Participants under the corresponding Conexant Welfare Plan; (iii) will not impose any limitations on coverage of pre-existing conditions of Washington Participants, except to the extent such limitations applied to such Washington Participants under the corresponding Conexant Welfare Plan immediately prior to the Time of Distribution; and (iv) will not impose any other conditions (such as proof of good health, evidence of insurability or a requirement of a physical examination) upon the participation by Washington Participants who were participating in the corresponding Conexant Welfare Plan immediately prior to the Time of Distribution.

(c) Effective as of the Effective Time, Washington or Alpha will have established, and will cover Active Washington Employees under, policies relating to vacation days and personal and sick days that are comparable in the aggregate to the policies relating to vacation days and personal and sick days maintained by Conexant immediately prior to the Time of Distribution. Effective as of the Time of Distribution, Washington and the Washington Subsidiaries will credit each Active Washington Employee with the unused vacation days and personal and sickness days accrued by such employee through the Time of Distribution in accordance with the vacation and personnel policies and agreements of Conexant and its Subsidiaries (including members of the Washington Group) applicable to such employee in effect immediately prior to the Time of Distribution.

(d) (i) From and after the Time of Distribution, Washington and the Washington Subsidiaries hereby assume or retain, as applicable, and will be solely responsible for and will fully perform, pay and discharge, all Liabilities of Conexant or any of its Subsidiaries (including members of the Washington Group) in respect of Washington Participants (and claims by or relating to Washington Participants) with respect to employee welfare and fringe benefits (including medical, dental, vision, life, travel, accident, short- and long-term disability, hospitalization, workers' compensation and other insurance benefits), whether under the Conexant Welfare Plans, the Washington Welfare Plans or otherwise, whether incurred, or arising in connection with incidents occurring, before, at or after the Time of Distribution and whether any claim is made with respect thereto before, at or after the Time of Distribution. Notwithstanding the preceding sentence, Washington and the

Washington Subsidiaries will not be liable for amounts actually paid under insured Conexant Welfare Plans with respect to which Conexant and its Subsidiaries have no obligation to reimburse for claims made with respect to incidents occurring before the Time of Distribution covered thereby.

(ii) Within 30 days after the Time of Distribution, Washington or Alpha will obtain run-off workers' compensation insurance coverage in respect of claims by or relating to Washington Participants for periods prior to the Time of Distribution, with such coverage and terms as shall be sufficient to satisfy the requirements of the California Department of Industrial Relations, Division of Workers' Compensation (the "Division") for the prompt release to Conexant of the portion of Conexant's total deposit (the "Reserve Amount") as a self-insured employer with the Division attributable to Washington Participants. Within 20 Business Days after a written request by Conexant, Washington shall pay to Conexant an amount equal to any amounts paid from the Reserve Amount in respect of workers' compensation claims by or relating to Washington Participants made during the period beginning at the Time of Distribution and ending on the date the portion of the Reserve Amount attributable to Washington Participants has been released to Conexant.

(iii) Without limiting the generality of the foregoing and except as provided in Section 6.07, from and after the Time of Distribution, Washington and the Washington Subsidiaries (or where appropriate, the Washington Welfare Plans) hereby assume or retain, as applicable, and will be solely responsible for and will fully perform, pay and discharge, all Liabilities of Conexant or any of its Subsidiaries (including members of the Washington Group) in respect of Washington Participants (and claims by or relating to Washington Participants) with respect to retiree health and welfare benefits and retiree life insurance benefits, whether under the Conexant Welfare Plans, the Washington Welfare Plans or otherwise, whether incurred, or arising in connection with incidents occurring, before, at or after the Time of Distribution and whether any claim is made with respect thereto before, at or after the Time of Distribution.

(e) (i) From and after the Time of Distribution, Conexant and the Conexant Subsidiaries hereby assume or retain, as applicable, and will be solely responsible for and will fully perform, pay and discharge, all Liabilities of Conexant or any of its Subsidiaries (including members of the Washington Group) in respect of Conexant Participants (and claims by or relating to Conexant Participants) with respect to employee welfare and fringe benefits (including medical, dental, vision, life, travel, accident, short- and long-term disability, hospitalization, workers' compensation and other insurance benefits), whether under the Conexant Welfare Plans or otherwise, whether incurred, or arising in connection with incidents occurring, before, at or after the Time of Distribution and whether any claim is made with respect thereto before, at or after the Time of Distribution.

(ii) Without limiting the generality of the foregoing, from and after the Time of Distribution, Conexant and the Conexant Subsidiaries (or where appropriate, the Conexant Welfare Plans) hereby assume or retain, as applicable, and will be solely responsible for and will fully perform, pay and discharge, all Liabilities of Conexant or any of its Subsidiaries (including members of the Washington Group) in respect of Conexant Participants (and

claims by or relating to Conexant Participants) with respect to retiree health and welfare benefits and retiree life insurance benefits, whether under the Conexant Welfare Plans or otherwise, whether incurred, or arising in connection with incidents occurring, before, at or after the Time of Distribution and whether any claim is made with respect thereto before, at or after the Time of Distribution.

Section 6.02 Incentive Compensation Plans. (a) Except as set forth in Section 6.08, effective as of the Time of Distribution, Washington hereby assumes or retains, as applicable, and will be solely responsible for and will fully perform, pay and discharge, all Liabilities (including liability for earned but unpaid incentive payments) of Conexant or any of its Subsidiaries (including members of the Washington Group) for, due to and/or attributable to Washington Participants under the Incentive Compensation Plans and all other long-term, annual and other incentive compensation plans of Conexant and its Subsidiaries (including members of the Washington Group) in effect at or prior to the Time of Distribution.

(b) Effective as of the Time of Distribution, Conexant hereby assumes or retains, as applicable, and will be solely responsible for and will fully perform, pay and discharge, all Liabilities (including liability for earned but unpaid incentive payments) of Conexant or any of its Subsidiaries (including members of the Washington Group) for, due to and/or attributable to Pre-Distribution Group Employees under the Incentive Compensation Plans and all other long-term, annual and other incentive compensation plans of Conexant and its Subsidiaries (including members of the Washington Group) in effect at or prior to the Time of Distribution, other than those assumed by Washington pursuant to Section 6.02(a).

(c) Conexant and Washington will cooperate in taking all actions necessary or appropriate to adjust the performance goals and other applicable terms and conditions of awards under the Incentive Compensation Plans and such other incentive compensation plans and arrangements for performance periods that begin before and end after the Time of Distribution as appropriate to reflect the Distribution. Without limiting the generality of the foregoing, for purposes of any Conexant restricted stock awards held by any Active Washington Employee, continued employment of such employee with Washington or Alpha (or an Affiliate thereof) following the Time of Distribution shall be treated as continued employment with Conexant.

(d) Notwithstanding anything to the contrary in Sections 6.02(a) through (c), nothing in this Section 6.02 will prevent either Conexant or Washington from amending or terminating in accordance with the terms thereof any existing, or implementing any future, incentive compensation plans and arrangements on such terms as Conexant or Washington may determine in their sole discretion after the Time of Distribution.

Section 6.03 Deferred Compensation Plan. As of the Time of Distribution, Conexant will retain sponsorship of the Conexant Deferred Compensation Plan and the related Conexant Deferred Compensation Plan Rabbi Trust. No Active Washington Employees or Former Washington Employees participate in the Conexant Deferred Compensation Plan. Accordingly, none of Washington or any member of the Washington

Group will have or retain any interest in or right to any of the assets of the Conexant Deferred Compensation Plan or the Conexant Deferred Compensation Plan Rabbi Trust or will have any Liabilities with respect to such plan or trust, and Conexant will have full power and authority with respect to the Conexant Deferred Compensation Plan and the Conexant Deferred Compensation Plan Rabbi Trust.

Section 6.04 Severance Pay. (a) Conexant, Washington and Alpha acknowledge and agree that the transactions contemplated by the Transaction Agreements will not constitute a severance of employment of any employee of Conexant or any of its Subsidiaries (including members of the Washington Group) prior to or as a result of the transactions contemplated thereby, and that individuals who, in connection with the Distribution, become Active Conexant Employees or Active Washington Employees pursuant to this Agreement will not be deemed to have experienced a termination, layoff or severance of employment from Conexant and its Subsidiaries (including members of the Washington Group), in each case for purposes of any policy, plan, program or agreement of Conexant or any of its Subsidiaries (including any member of the Washington Group) that provides for the payment of severance, salary continuation or similar benefits.

(b) Washington and the Washington Subsidiaries hereby assume or retain, as applicable, and will be solely responsible for and will fully perform, pay and discharge, all Liabilities of Conexant or any of its Subsidiaries (including members of the Washington Group) in connection with claims made by or on behalf of Washington Participants in respect of severance pay, salary continuation and similar obligations relating to the termination or alleged termination (whether voluntary or involuntary) of any such person's employment, whether such termination or alleged termination occurred before, at or after the Time of Distribution and whether any claim is made with respect thereto before, at or after the Time of Distribution (whether or not such claim is based on any severance policy, agreement, arrangement or program which may exist or arise under any employment, collective bargaining or other agreement or under any Federal, state, local, provincial or foreign law).

(c) Conexant and the Conexant Subsidiaries hereby assume or retain, as applicable, and will be solely responsible for and will fully perform, pay and discharge, all Liabilities of Conexant or any of its Subsidiaries (including members of the Washington Group) in connection with claims made by or on behalf of Pre-Distribution Group Employees in respect of severance pay, salary continuation and similar obligations relating to the termination or alleged termination (whether voluntary or involuntary) of any such person's employment, whether such termination or alleged termination occurred before, at or after the Time of Distribution and whether any claim is made with respect thereto before, at or after the Time of Distribution (whether or not such claim is based on any severance policy, agreement, arrangement or program which may exist or arise under any employment, collective bargaining or other agreement or under any Federal, state, local, provincial or foreign law), other than those expressly assumed by Washington pursuant to Section 6.04(b).

Section 6.05 Employment, Consulting and Other Employee Related Agreements. (a) Effective as of the Time of Distribution, Washington and the Washington Subsidiaries hereby assume or retain, as applicable, and will be solely responsible for and will

fully perform, pay and discharge, all Liabilities of Conexant or any of its Subsidiaries (including members of the Washington Group) relating to all Washington Participants under their respective employment, consulting, separation, arbitration and other employee related agreements with any member of the Pre-Distribution Group, as the same are in effect immediately prior to the Time of Distribution.

(b) Effective as of the Time of Distribution, Conexant and the Conexant Subsidiaries hereby assume or retain, as applicable, and will be solely responsible for and will fully perform, pay and discharge, all Liabilities of Conexant or any of its Subsidiaries (including members of the Washington Group) relating to all Pre-Distribution Group Employees under their respective employment, consulting, separation, arbitration and other employee related agreements with any member of the Pre-Distribution Group, as the same are in effect immediately prior to the Time of Distribution, other than those expressly assumed by Washington pursuant to Section 6.05(a).

Section 6.06 Employee Stock Purchase Plans. (a) Effective as of the Effective Time, Alpha will have established, and will cover eligible Active Washington Employees under, (i) an employee stock purchase plan which is comparable to the Conexant 2001 ESPP (the "Washington ESPP") and (ii) a non-qualified employee stock purchase plan which is comparable in all material respects to the Conexant Non-Qualified ESPP (the "Washington Non-Qualified ESPP"). Each of the Washington ESPP and the Washington Non-Qualified ESPP will credit each participating Active Washington Employee thereunder for purposes of eligibility and vesting with all service which had been credited to such employee for such purposes under the Conexant 2001 ESPP and the Conexant Non-Qualified ESPP, respectively, immediately prior to the Time of Distribution.

(b) Nothing contained in this Agreement shall require Conexant, Washington or Alpha to continue to maintain any employee stock purchase plan, program, or arrangement following the Time of Distribution.

(c) As of the Time of Distribution, Conexant will retain sponsorship of the Conexant 2001 ESPP, the Conexant Non-Qualified ESPP and the Conexant 1999 ESPP. Effective as of the Effective Time, each Active Washington Employee will be treated as having terminated employment with Conexant and the Conexant Subsidiaries for purposes of determining his or her eligibility to participate in the Conexant 2001 ESPP, the Conexant Non-Qualified ESPP and the Conexant 1999 ESPP. Accordingly, none of Washington or any member of the Washington Group will have or retain any interest in or right to any of the assets of the Conexant 2001 ESPP, the Conexant Non-Qualified ESPP and the Conexant 1999 ESPP or will have any Liabilities with respect to such plans, and Conexant will have full power and authority with respect to the Conexant 2001 ESPP, the Conexant Non-Qualified ESPP and the Conexant 1999 ESPP.

Section 6.07 VERP. (a) Effective as of the Effective Time, Washington or Alpha will have established a new voluntary early retirement program (the "Washington VERP"), the purpose of which will be to provide benefits to Washington Participants who participate in the Conexant VERP immediately prior to the Time of Distribution, and a trust

related thereto (the "Washington VERP Trust"). The Washington VERP will be substantially similar in all material respects to the Conexant VERP. The Washington VERP will credit each Washington Participant thereunder for purposes of eligibility to participate and benefit accruals and all other plan purposes with all service which has been credited to such participant for such purposes under the Conexant VERP immediately prior to the Time of Distribution (except to the extent that such crediting would result in the duplication of benefits).

(b) Effective as of the Time of Distribution, Washington and the Washington Subsidiaries hereby assume and agree to fully perform, pay and discharge, and agree to cause the Washington VERP and the Washington VERP Trust to assume, and to fully perform, pay and discharge, all accrued benefit and other Liabilities of Conexant or any of its Subsidiaries (including members of the Washington Group) and of the Conexant VERP and the Conexant VERP Trust under and relating to the Conexant VERP and the Conexant VERP Trust with respect to Washington Participants who were covered under the Conexant VERP prior to the Time of Distribution.

(c) Effective as of the Time of Distribution, Conexant and the Conexant Subsidiaries hereby retain and agree to fully perform, pay and discharge, and agree to cause the Conexant VERP and the Conexant VERP Trust to retain, and to fully perform, pay and discharge, all accrued benefit and other Liabilities of Conexant or any of its Subsidiaries (including members of the Washington Group) and of the Conexant VERP and the Conexant VERP Trust under and relating to the Conexant VERP and the Conexant VERP Trust, other than those expressly assumed by Washington pursuant to Section 6.07(b).

(d) On or prior to the Time of Distribution, Conexant will cause the Conexant VERP Trust to transfer to the Washington VERP Trust, for the benefit of Washington Participants who participated in the Conexant VERP prior to the Time of Distribution, a proportionate share of the assets of the Conexant VERP Trust, the amount of which will be equal to the product of: (i) the aggregate value of all of the assets of the Conexant VERP Trust as of the date of transfer multiplied by (ii) the quotient of (A) the actuarial present value of accumulated plan benefits under the Conexant VERP for all Washington Participants participating in the Conexant VERP as of the date of transfer divided by (B) the actuarial present value of accumulated plan benefits under the Conexant VERP for all participants participating in the Conexant VERP as of the date of transfer. For purposes of determining such actuarial present value of accumulated plan benefits under the Conexant VERP, the following actuarial assumptions will be used: (x) life expectancy of participants shall be determined using the 1985 Male and Female Group Annuity Maturity Table, (y) the average retirement age shall be age 56.3 and (z) the average annual investment return shall be 4.00%. The assets to be transferred from the Conexant VERP Trust to the Washington VERP Trust, as calculated as set forth above, will be reduced by the amount of any benefit payment to any Washington Participant under the Conexant VERP after the Time of Distribution (or the Washington VERP will otherwise promptly reimburse the Conexant VERP for any such benefit payment to a Washington Participant) and a proportional share of investment and administrative expenses. The amount of assets to be transferred from the Conexant VERP Trust to the Washington VERP Trust pursuant to this Section 6.07(d) will be calculated by

Conexant's actuary. The transfer of assets from the Conexant VERP Trust to the Washington VERP Trust will be made in cash, mutual fund account balances or other property, as determined by Conexant.

(e) Notwithstanding anything to the contrary in this Section 6.07, in the case of retiree medical and life insurance benefits provided to participants in the Conexant VERP on account of a retiree medical and life insurance benefit program sponsored by a predecessor of Conexant, Washington hereby agrees to assume responsibility for administering and providing such benefits to Washington Participants after the Time of Distribution and will establish not later than August 31, 2002 a new retiree medical and life insurance program substantially similar in all material respects to the Conexant retiree medical and life insurance program to provide benefits to Washington Participants who participate in the Conexant retiree medical and life insurance program immediately prior to the Time of Distribution; provided, however, that during a transition period ending not later than August 31, 2002, Conexant will continue to administer and provide such benefits to Washington Participants on behalf of Washington at Washington's expense; provided, further, that Washington will reimburse Conexant for all all-out-pocket fees, costs and expenses of administering and providing such benefits to Washington Participants incurred by Conexant during the transition period, including, but not limited to (i) Sageo administration fees, including any implementation costs not billed directly to Washington in connection with setting up the new Washington retiree medical and life insurance benefit program, (ii) ASO, stop loss and any related fees payable to BlueShield of California for self-insured claims administration for the Catastrophic, PPO and Indemnity Plans in which Washington Participants are currently enrolled under the Conexant retiree medical and life insurance program, (iii) claims incurred under any of the Catastrophic, PPO and Indemnity Plans, as well as payment of runout claims, with respect to Washington Participants, (iv) HMO and Medicare Risk premiums payable to HealthNet HMO with respect to Washington Participants, (v) life insurance premiums payable to John Hancock Life with respect to Washington Participants and (vi) other fees and expenses incurred to segregate Washington Participant fees and claims.

Section 6.08 Performance Share Plan. As of the Time of Distribution, Conexant will retain sponsorship of the Conexant Performance Share Plan. Effective as of the Effective Time, each Active Washington Employee will be treated as having terminated employment with Conexant and the Conexant Subsidiaries for purposes of determining his or her eligibility to participate in the Conexant Performance Share Plan and will have no rights to any payment under such plan from and after the Time of Distribution, other than any rights to any payments for awards previously vested and earned pursuant to the terms of the plan. None of Washington or any member of the Washington Group will have or retain any interest in or right to any of the assets of the Conexant Performance Share Plan or will have any Liabilities with respect to such plan, and Conexant will have full power and authority with respect to the Conexant Performance Share Plan.

Section 6.09 Other Liabilities. (a) From and after the Time of Distribution, except as specifically set forth in this Agreement, Washington and the Washington Subsidiaries hereby assume or retain, as applicable, and will be solely responsible for and will

fully perform, pay and discharge, all Liabilities of Conexant or any of its Subsidiaries (including members of the Washington Group) arising out of or relating to the employment of Washington Participants by any member of the Pre-Distribution Group, whether pursuant to benefit plans or otherwise and whether such Liabilities arose before, at or after the Time of Distribution or any claim is made with respect thereto before, at or after the Time of Distribution; provided, however, that nothing in this Agreement shall be construed as obligating Washington, the Washington Subsidiaries or Alpha to assume any obligation with respect to any defined benefit pension plan, other than the Washington VERP.

(b) From and after the Time of Distribution, except as specifically set forth in this Agreement, Conexant and the Conexant Subsidiaries hereby assume or retain, as applicable, and will be solely responsible for and will fully perform, pay and discharge, all Liabilities of Conexant or any of its Subsidiaries (including members of the Washington Group) arising out of or relating to the employment of Pre-Distribution Group Employees by any member of the Pre-Distribution Group, whether pursuant to benefit plans or otherwise and whether such Liabilities arose before, at or after the Time of Distribution or any claim is made with respect thereto before, at or after the Time of Distribution, other than those expressly assumed by Washington pursuant to Section 6.09(a).

## ARTICLE VII

## MISCELLANEOUS

Section 7.01 Indemnification. All Liabilities retained or assumed by or allocated to Washington, any Washington Subsidiary or Alpha pursuant to this Agreement will be deemed to be Washington Liabilities (as defined in the Distribution Agreement), and all Liabilities retained or assumed by or allocated to Conexant or any Conexant Subsidiary pursuant to this Agreement will be deemed to be Conexant Liabilities (as defined in the Distribution Agreement), and, in each case, will be subject to the indemnification provisions set forth in Article IV of the Distribution Agreement.

Section 7.02 Sharing of Information. Each of Conexant, Washington and Alpha will, and will cause each of their respective Subsidiaries to, provide to the other parties all such Information in its possession as the other parties may reasonably request to enable the requesting party to administer its employee benefit plans and programs, and to determine the scope of, and fulfill, its obligations under this Agreement. Such Information will, to the extent reasonably practicable, be provided in the format and at the times and places requested, but in no event will the party providing such Information be obligated to incur any out-of-pocket expense not reimbursed by the party making such request, nor to make such Information available outside its normal business hours and premises. Any Information shared or exchanged pursuant to this Agreement will be subject to the confidentiality requirements set forth in the Distribution Agreement.

Section 7.03 Entire Agreement; Construction. This Agreement, the Distribution Agreement and the other Ancillary Agreements, including any schedules and

exhibits hereto or thereto, and other agreements and documents referred to herein and therein, will together constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and will supersede all prior negotiations, agreements and understandings of the parties of any nature, whether oral or written, with respect to such subject matter. Notwithstanding any other provisions in the Transaction Agreements to the contrary, in the event and to the extent that there is a conflict between the provisions of this Agreement and the provisions of the Distribution Agreement, the provisions of this Agreement will control.

Section 7.04 Survival of Agreements. Except as otherwise contemplated by the Transaction Agreements, all covenants and agreements of the parties contained in this Agreement will remain in full force and effect and survive the Time of Distribution.

Section 7.05 Governing Law. This Agreement will be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and to be performed entirely within such State, without regard to the conflicts of law principles of such State.

Section 7.06 Notices. All notices, requests, claims, demands and other communications required or permitted to be given hereunder will be in writing and will be delivered by hand, telecopied, e-mailed or sent, postage prepaid, by registered, certified or express mail or reputable overnight courier service and will be deemed given when so delivered by hand or telecopied, when e-mail confirmation is received if delivered by e-mail, or three business days after being so mailed (one business day in the case of express mail or overnight courier service). All such notices, requests, claims, demands and other communications will be addressed as set forth in Section 7.04 of the Distribution Agreement (provided that such notices, requests, claims, demands and other communications to Alpha shall be addressed to Alpha at the same notice address set forth for Washington in Section 7.04 of the Distribution Agreement), or pursuant to such other instructions as may be designated in writing by the party to receive such notice.

Section 7.07 Amendments. This Agreement cannot be amended, modified or supplemented except by a written agreement executed by each party affected thereby.

Section 7.08 Assignment. No party to this Agreement will convey, assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the other parties in their sole and absolute discretion. Notwithstanding the foregoing, any party may (without obtaining any consent) assign, delegate or sublicense all or any portion of its rights and obligations hereunder to (i) the surviving entity resulting from a merger or consolidation involving such party, (ii) the acquiring entity in a sale or other disposition of all or substantially all of the assets of such party as a whole or of any line of business or division of such party, or (iii) any other Person that is created as a result of a spin-off from, or similar reorganization transaction of, such party or any line of business or division of such party. In the event of an assignment pursuant to (ii) or (iii) above, the nonassigning party shall, at the assigning party's request, use good faith commercially reasonable efforts to enter into separate agreements with each of the resulting entities and take

such further actions as may be reasonably required to assure that the rights and obligations under this Agreement are preserved, in the aggregate, and divided equitably between such resulting entities. Any conveyance, assignment or transfer requiring the prior written consent of another party pursuant to this Section 7.08 which is made without such consent will be void ab initio. No assignment of this Agreement will relieve the assigning party of its obligations hereunder.

Section 7.09 Captions; Currency. The article, section and paragraph captions herein and the table of contents hereto are for convenience of reference only, do not constitute part of this Agreement and will not be deemed to limit or otherwise affect any of the provisions hereof. Unless otherwise specified, all references herein to numbered articles or sections are to articles and sections of this Agreement and all references herein to schedules are to schedules to this Agreement. Unless otherwise specified, all references contained in this Agreement, in any schedule referred to herein or in any instrument or document delivered pursuant hereto to dollars or $ will mean United States Dollars.

Section 7.10 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances other than those as to which it has been held invalid or unenforceable, will remain in full force and effect and will in no way be affected, impaired or invalidated thereby. If the economic or legal substance of the transactions contemplated hereby is affected in any manner adverse to any party as a result thereof, the parties will negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect the original intent of the parties.

Section 7.11 Parties in Interest. This Agreement is binding upon and is for the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement is not made for the benefit of any Person not a party hereto, and no Person other than the parties hereto or their respective successors and permitted assigns will acquire or have any benefit, right, remedy or claim under or by reason of this Agreement. No provision of this Agreement will be construed (a) to limit the right of Conexant, any Conexant Subsidiary, Washington, any Washington Subsidiary or Alpha to amend or terminate any of their plans or (b) to create any right or entitlement whatsoever in any employee, former employee or beneficiary including a right to continued employment or to any benefit under a plan or any other benefit or compensation.

Section 7.12 Schedules. All schedules attached hereto are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Capitalized terms used in the schedules hereto but not otherwise defined therein will have the respective meanings assigned to such terms in this Agreement.

Section 7.13 Change of Name. On or promptly after the Distribution Date, Washington will take such actions as may be required to change the names of all employee benefit plans sponsored or maintained by Washington, any Washington Subsidiary or Alpha

to eliminate therefrom any reference to "Conexant", "Conexant Systems", "Conexant Systems, Inc." or any derivative thereof.

Section 7.14 Waivers; Remedies. No failure or delay on the part of Conexant, Washington or Alpha in exercising any right, power or privilege hereunder will operate as a waiver thereof, nor will any waiver on the part of Conexant, Washington or Alpha of any right, power or privilege hereunder operate as a waiver of any other right, power or privilege hereunder, nor will any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. The rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies which the parties may otherwise have at law or in equity.

Section 7.15 Counterparts. This Agreement may be executed in separate counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts will together constitute the same agreement.

Section 7.16 Performance. Conexant will cause to be performed and hereby guarantees the performance of all actions, agreements and obligations set forth herein to be performed by any Conexant Subsidiary. Washington will cause to be performed and hereby guarantees the performance of all actions, agreements and obligations set forth herein to be performed by any Washington Subsidiary. Alpha will cause to be performed and hereby guarantees the performance of all actions, agreements and obligations set forth herein to be performed by any Subsidiary or Affiliate of Alpha. In addition, Alpha and Conexant acknowledge that from and after the Effective Time (as defined in the Merger Agreement), Alpha will succeed to all rights, obligations and Liabilities of Washington under this Agreement.

Section 7.17 Dispute Resolution. Any dispute, claim or controversy arising out of or relating to any provision of this Agreement or the breach, performance or validity thereof will be resolved in accordance with the procedures set forth in Section 7.05 of the Distribution Agreement.

Section 7.18 Cooperation. Conexant, Washington and Alpha will cooperate in taking all such action as may be necessary or appropriate to implement the provisions of this Agreement, including making all appropriate filings as may be required under ERISA or the Code, the regulations thereunder and any other applicable laws, exchanging and sharing all appropriate records, amending plan, trust, record keeping and other related documents and implementing all appropriate communications with participants.

Section 7.19 Interpretation. Any reference to any Federal, state, local, provincial or foreign law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. For the purposes of this Agreement, (i) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires, (ii) the terms "hereof", "herein", and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement, (iii) the word "including" and words of similar import when used in this Agreement shall mean "including, without limitation" and (iv) all references to any plan shall be deemed to include any amendments thereto.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the parties as of the date first hereinabove written.

CONEXANT SYSTEMS, INC.

By: /s/ DENNIS E. O'REILLY
---
Name: Dennis E. O'Reilly
Title: Senior Vice President, General Counsel and Secretary

WASHINGTON SUB, INC.

By: /s/ DENNIS E. O'REILLY
---
Name: Dennis E. O'Reilly
Title: Vice President and Secretary

ALPHA INDUSTRIES, INC.

By: /s/ PAUL E. VINCENT
---
Name: Paul E. Vincent
Title: Vice President, Chief Financial Officer, Treasurer & Secretary

ALPHA AND CONEXANT'S WIRELESS BUSINESS COMPLETE MERGER; SKYWORKS COMMENCES OPERATIONS AS AN INDEPENDENT COMPANY

WOBURN, Mass. and NEWPORT BEACH, Calif.
--(BUSINESS WIRE)--June 26, 2002--

SKYWORKS BECOMES AN INDUSTRY LEADING WIRELESS SEMICONDUCTOR COMPANY FOR MOBILE COMMUNICATIONS

Alpha Industries, Inc. (Nasdaq: AHAA) and Conexant Systems, Inc. (Nasdaq: CNXT) today announced that the merger of Alpha and Conexant's wireless business to create Skyworks Solutions, Inc. has been completed. The new company's common stock will begin trading today on the Nasdaq Stock Market under the ticker symbol "SWKS."

Skyworks begins operations as the industry's leading wireless semiconductor company focused on radio frequency (RF) and complete semiconductor system solutions for mobile communications applications. Skyworks has an established leadership position in such critical product areas as RF switches and power amplifiers modules. In addition, the company is uniquely positioned to drive the evolution of RF integration for all major air interfaces, including code division multiple access (CDMA) and global system for mobile communications (GSM), as well as complete semiconductor and software solutions for advanced 2.5G and 3G applications.

"We are simply delighted to launch Skyworks today -- a leader in mobile communications semiconductors," said David J. Aldrich, Skyworks' president and chief executive officer. "Our product breadth, technologies, manufacturing strength, and customer relationships make us an ideal partner for today's handset and base station manufacturers. This advantage translates into faster time-to-market, lower cost and smaller more feature-rich products for consumers."

"With a winning combination of critical technologies and products, Skyworks begins life today with a very promising future," said Dwight W. Decker, Skyworks' chairman of the board, and chairman and chief executive officer of Conexant. "Skyworks' leadership position in front-end modules, RF subsystems and complete cellular solutions enables the company to deliver best-in-class components and systems to all of the industry's key handset and base station manufacturers."

Skyworks will employ approximately 3,850 people worldwide, including approximately 1,900 located at the company's semiconductor assembly, module manufacturing and test operation in Mexicali, Mexico. The company has design, engineering, manufacturing, marketing, sales and service facilities throughout North America, Europe, Japan and Asia Pacific.

RESTRUCTURED MEXICALI NOTE

Skyworks has purchased Conexant's semiconductor assembly, module manufacturing and test facility, located in Mexicali, Mexico, for $150 million through a secured promissory note payable 50 percent in nine months and 50 percent in twelve months. In addition, Skyworks will have a line of credit for one year of up to $100 million to cover working capital requirements.

"With the financing, Skyworks now has considerably more financial flexibility going forward," said Aldrich.

FACTS ABOUT SKYWORKS

General Facts:

COMPANY NAME: Skyworks Solutions, Inc. (Nasdaq: SWKS)

Skyworks is the result of the merger between Alpha Industries, Inc. (Nasdaq: AHAA) and the wireless communications business of Conexant Systems, Inc. (Nasdaq: CNXT)

HEADQUARTERS: Woburn, Mass., with executive offices in Newport Beach, Calif.

WORLDWIDE EMPLOYEES: Approximately 3,850 people

ANNUAL PRO FORMA NET REVENUES (PERIOD ENDING SEPT. 30, 2001): $458 million

SENIOR MANAGEMENT:

David J. Aldrich, 45, president and chief executive officer

Paul E. Vincent, 54, chief financial officer

Kevin D. Barber, 42, senior vice president of operations

Liam K. Griffin, 35, vice president of sales and marketing

George M. LeVan, 56, vice president of human resources

MANUFACTURING LOCATIONS:

Woburn, Mass.: Gallium Arsenide (GaAs) PHEMT and MESFET wafer fabrication

Sunnyvale, Calif.: GaAs HBT, PHEMT and MESFET wafer fabrication

Newbury Park, Calif.: GaAs HBT wafer fabrication

Adamstown, Md.: RF ceramic components

Mexicali, Mexico: High-volume semiconductor device assembly (module, lead-frame packages, ball-grid array) and testing (RF, digital, mixed-signal)

KEY PRODUCT AREAS:

Front-end Modules: Skyworks is the market leader in delivering switching solutions and power amplifier modules in GaAs PHEMT and HBT.

RF Subsystems: Skyworks has developed the world's most highly integrated direct conversion radio (DCR) enabling full transmit and receive chain functionality in a single package.

Cellular Systems: Skyworks offers the industry's most comprehensive 2.5G GSM/General Packet Radio Service (GSM/GPRS) solution, including the complete RF subsystem, baseband processor as well as protocol stack and user interface software, plus complete reference designs and development platforms.

Infrastructure Products: Skyworks leverages its integrated RF product and technology capabilities across strong base station channel relationships.

ABOUT SKYWORKS

Skyworks Solutions, Inc. (Nasdaq: SWKS) is the industry's leading wireless semiconductor company focused on radio frequency (RF) and complete semiconductor system solutions for mobile communications applications. The company began operations in June 2002, following the completion of the merger between Alpha Industries, Inc. and Conexant Systems, Inc.'s wireless communications business. Skyworks is focused on providing front-end modules, RF subsystems and complete system solutions to wireless handset and infrastructure customers worldwide.

Skyworks is headquartered in Woburn, Mass., with executive offices in Newport Beach, Calif. The company has design, engineering, manufacturing, marketing, sales and service facilities throughout North America, Europe, Japan and Asia Pacific. For more information please visit www.skyworksinc.com.

ABOUT CONEXANT

Conexant Systems, Inc. is a worldwide leader in semiconductor system solutions for communications applications. Conexant leverages its expertise in mixed-signal processing to deliver integrated systems and semiconductor products through three separate businesses that address the wireless communications, broadband access and Internet infrastructure markets.

Conexant's wireless communications business is focused on providing power amplifiers, radio-frequency subsystems and complete systems solutions. The broadband access business develops and delivers integrated solutions that enable digital entertainment and information networks for the home and small office.

Mindspeed Technologies, the company's Internet infrastructure business, designs, develops and sells a complete portfolio of semiconductor networking solutions that facilitate the aggregation, transmission and switching of data, video and voice from the edge of the Internet to linked metropolitan area networks and long-haul networks.

Conexant, headquartered in Newport Beach, Calif., delivered revenues of $1.1 billion for fiscal 2001. The company is a member of the Nasdaq-100 index. To learn more, visit us at www.conexant.com or www.mindspeed.com.

SAFE HARBOR STATEMENT

This news release includes "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements include information relating to future results of Skyworks (including certain projections and business trends). All such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected, and may affect our future operating results, financial position and cash flows.

These risks and uncertainties include, but are not limited to: global economic and market conditions, such as the cyclical nature of the wireless communications semiconductor industry and the markets addressed by the company's and its customers' products; demand for and market acceptance of new and existing products; the ability to develop, manufacture and market innovative products in a rapidly changing technological environment; the ability to compete with products and prices in an intensely competitive industry; product obsolescence; losses or curtailments of purchases from key customers or the timing of customer inventory adjustments; the timing of new product introductions; the availability and extent of utilization of raw materials, critical manufacturing equipment and manufacturing capacity; pricing pressures and other competitive factors; changes in product mix; fluctuations in manufacturing yields; the ability to continue to grow and maintain an intellectual property portfolio and obtain needed licenses from third parties; the ability to attract and retain qualified personnel; labor relations of the company, its customers and suppliers; economic, social and political conditions in the countries in which Skyworks, its customers or its suppliers operate, including security risks, possible disruptions in transportation networks and fluctuations in foreign currency exchange rates; and the uncertainties of litigation, as well as other risks and uncertainties, including but not limited to those detailed from time to time in the company's Securities and Exchange Commission filings.

These forward-looking statements are made only as of the date hereof, and the company undertakes no obligation to update or revise the forward-looking statements,

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