



TERMS AND CONDITIONS OF SALE

1. OFFER AND ACCEPTANCE

The terms of sale contained herein apply to all quotations made and purchase orders entered into by Centillium Communications, Inc. ("Seller"). Any purchase orders which appears to modify, supersede, or otherwise alter these terms and conditions shall be of no force or effect whatsoever, except if agreed to in writing by an officer of the Seller before becoming binding on either the Seller or Buyer. These terms shall be applicable whether or not they are attached to or enclosed with the products to be sold hereunder.

2. PRICES AND RELEASES

Prices are valid for thirty (30) days from date of quote. Prices apply only if the quantity ordered hereunder meets the current Centillium Communications, Inc. minimum release value. In the event of significant increases in the market price of metals, fuels, raw materials, equipment and other production costs, the Seller shall have the right and Buyer the obligation to renegotiate in good faith the price of the goods hereunder not yet shipped. If agreement is not reached, Seller shall have the right to cancel this contract without liability.

3. PAYMENT TERMS

(a) Unless otherwise agreed, all invoices are due and payable thirty (30) days from date of invoice. Unpaid invoices shall be charged 1.5% (one and one-half percent) of the balance due per month until paid. NO discounts are authorized. Shipments, deliveries, and performance of work shall at all times be subject to the approval of the Seller's credit department. The Seller may at any time decline to make any shipments or deliveries or perform any work except upon receipt of payment or upon terms and conditions or security satisfactory to such department.

(b) If, in the judgement of the Seller, the financial condition of the Buyer at any time does not justify continuation of production or shipment on the terms of payment originally specified, the Seller may require full or partial payment in advance. In the event of the bankruptcy or insolvency of the Buyer or in the event any proceeding is brought by or against the Buyer under the bankruptcy or insolvency laws, the Seller shall be entitled to cancel any order then outstanding and shall receive reimbursement for its cancellation charges.

(c) Each shipment shall be considered a separate and independent transaction, and payment therefore shall be made accordingly. If the Buyer delays shipments, payments shall become due on the date when the Seller is prepared to make shipment. If the Buyer delays the work covered by the purchase order, payments shall be made based on the purchase price and the percentage of completion. Products held for the Buyer shall be at the risk and expense of the Buyer.

4. TITLE AND DELIVERY

All sales are made F.O.B. ship point (freight collect) or P&C (prepaid and charged). Seller's title passes to Buyer, and Seller's liability as to delivery ceases upon making delivery of material purchased hereunder to carrier at shipping point, the carrier acting as Buyer's agent. All claims for damages must

be filed with the carrier. Shipments will normally be made by Parcel Post, United Parcel Service, Air Express, or airfreight. Unless specific instructions from Buyer specify which of the foregoing methods of shipment is to be used the Seller will exercise his own discretion.

5. ACCEPTANCE

Unless otherwise specified and agreed upon, the material to be furnished under this order will be subject to Seller's standard inspection. If it has been agreed upon and specified in this order that Buyer is to inspect or to provide for inspection at place of manufacture such inspection shall be conducted so as to not interfere unreasonably with Seller's operations and consequent approval or rejection shall be made before shipment.

Products rejected by Buyer on the basis of incoming inspection can be returned only upon Seller's written authorization. Buyer must demonstrate that the materials do not conform to the requirements of the Seller. If Buyer fails to notify Seller in writing of its rejection, Buyer will be deemed to have accepted such materials, components or services.

6. SHIPPING DATES AND REASONABLE CONTINGENCIES

All shipping dates are estimates only and are dependent upon prompt receipt of all necessary information from Buyer. Shipments may be made in installments. Seller shall be excused from performance and shall not be liable for any delay in delivery or for non-delivery, in whole or in part, caused by the occurrence of any contingency beyond the reasonable control of Seller, including but not limited to war, sabotage, insurrection, riot or other act of civil disobedience, act of a public enemy, failure or delay in transportation, act of any government or any agency or subdivision thereof affecting the terms of this contract or otherwise, judicial action, labor dispute, accident, defaults of suppliers, fire, explosion, flood, storm or other act of God, shortage of labor, fuel, raw material or machinery or technical or yield failures where Seller has exercised ordinary care in the prevention thereof. If any such contingency occurs, Seller may at its sole discretion allocate production and delivery among Seller's customers.

7. SUBSTITUTIONS AND MODIFICATIONS

Seller may modify the specifications of goods designed by Seller and substitute goods manufactured to such modified specifications for the goods specified herein provided such goods substantially conform to this contract. Buyer may not unilaterally make changes in the testing, inspection, delivery, schedules or specifications for the items to be furnished hereunder without Seller's prior written consent.

8. LIMITED WARRANTY

(a) Integrated Circuits

The Seller warrants that the products to be delivered under this purchase order will be free from defects in material and workmanship under normal use and service. Seller's



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obligation under this Warranty are limited to replacing or repairing or giving credit for, at its option, at its factory, any of said products which shall, within one (1) year after shipment, be returned to the Seller, transportation charges prepaid, and which are, after examination, disclosed to the Seller's satisfaction to be thus defective. THIS WARRANTY IS EXPRESSED IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED, STATUTORY, OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND OF ALL OTHER OBLIGATIONS OR LIABILITIES ON THE SELLER'S PART. IT NEITHER ASSUMES NOR AUTHORIZES ANY OTHER PERSON TO ASSUME FOR THE SELLER ANY OTHER LIABILITIES IN CONNECTION WITH THE SALE OF THE SAID ARTICLES. This Warranty shall not apply to any of such products which shall have been repaired or altered, except by the Seller, or which shall have been subjected to misuse, negligence, or accident. The aforementioned provisions do not extend the original warranty period of any product which has either been repaired or replaced by Seller.

(b) Software

The Seller warrants that in the case of software products delivered separately from Integrated Circuits, the terms of the License for the particular product shall apply. If no warranty term for the software is specified, the terms of part (a) of this section shall apply, except that the warranty term shall be ninety (90) days from shipment.

(c) Evaluation Boards

The Seller warrants that in the case of products delivered for evaluation, demonstration or related purposes, the terms of part (a) of this section shall apply, except that the warranty term shall be sixty (60) days from shipment.

9. PATENT INDEMNIFICATION

The Seller shall defend, at its expense, any action brought against the buyer which alleges that the Sellers technology or product infringes a United States patent, United States mask work right, or United States copyright, provided the Buyer promptly notifies the Seller in writing of any claim, gives the Seller sole control of the defense and settlement thereof, and provides all reasonable assistance in connection therewith. If any product is finally adjudged to so infringe, the Seller shall, at its option,

(a) Procure the Buyer the right to continue using the product; or, (b) Modify or replace the product so there is no infringement; or, (c) Refund the purchase price paid upon return of the product. The Seller shall have no liability regarding any claim arising out of the use of the product in combination with other goods if the infringement would not occur but for such combination. Buyer shall defend, indemnify, and hold the Seller harmless from any and all expense, damage, cost or losses resulting from any suit or proceeding brought for infringement of patents, mask works, copyrights, or trademarks arising from compliance with buyers designs, specifications or instructions.

10. RESCHEDULING AND TERMINATION

Products scheduled for shipment within: ninety (90) days of receipt of Buyer's notice of termination or rescheduling may not be terminated or rescheduled and must be accepted and paid for at the agreed upon unit prices. Otherwise Buyer may reschedule no more than one time or may terminate this order upon payment of: (a) All Seller's costs incurred which are responsibly allocable to the terminated portion of the order in accordance with generally accepted accounting principals and practices, and (b) a reasonable profit on such costs.

11. DEFAULT

If Buyer is in breach of its obligations under this order, Buyer shall remain liable for all unpaid charges and sums due to Seller and will reimburse Seller for all damages suffered or incurred by Seller as a result of Buyer's breach. The remedies provided herein shall be in addition to all other legal means and remedies available to Seller.

12. DAMAGE LIMITATION

IN NO EVENT SHALL SELLER BE LIABLE FOR SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND UNDER ANY PROVISION HEREOF.

13. CONFIDENTIAL INFORMATION

No information shall be deemed to be given or received in confidence by either party unless and to the extent it is covered by a separate written agreement.

14. APPLICABLE LAW

This Agreement shall be governed by and enforced in accordance with the laws of California. The parties consent to personal jurisdiction and venue in the California courts in Santa Clara County. The parties agree that the United Nations Convention on Contracts for the International sale of goods shall not apply to this Agreement.

15. ASSIGNMENT

Buyer may not assign this order or any interest or right herein without the prior written consent of Seller.

16. MODIFICATION

THIS CONTRACT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES RELATING TO THE SALE OF THE GOODS DESCRIBED ON THE ATTACHED ORDER ACKNOWLEDGEMENT AND SUPERSEDES ALL PREVIOUS COMMUNICATIONS, REPRESENTATIONS OR AGREEMENTS, EITHER ORAL OR WRITTEN, WITH RESPECT TO THE SUBJECT MATTER HEREOF AND NO REPRESENTATIONS OR STATEMENTS OF ANY KIND MADE BY ANY REPRESENTATIVE OF SELLER, WHICH ARE NOT STATED HEREIN, SHALL BE BINDING ON SELLER. THE SELLER RETAINS THE RIGHT TO ALTER THIS DOCUMENT WITHOUT NOTICE TO THE BUYER.