

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

August 25, 1999 (August 10, 1999)
Date of Report (Date of earliest event reported)

TRIMBLE NAVIGATION LIMITED
(Exact name of registrant as specified in its charter)

California 0-18645 94-2802192
(State or other jurisdiction of (Commission File Number) (I.R.S. Employer
incorporation or organization) identification No.)

645 North Mary Avenue, Sunnyvale, California 94088
(Address of Principal Executive Offices) (Zip Code)

(408) 481-8000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year,
if changed since last report)

ITEM 2. DISPOSITION OF ASSETS

On August 10, 1999, Trimble Navigation Limited ("Trimble" or "the Company") signed an Asset Purchase Agreement with Solectron Corporation and Solectron Federal Systems, Inc. (collectively, "Solectron"). The closing of the transaction occurred on August 13, 1999. At the closing of the Asset Purchase Agreement, the Company transferred to Solectron substantially all of the Company's tangible manufacturing assets located at the Company's Sunnyvale, California campus, including but not limited to equipment, fixtures and work in progress, and certain contract and other intangible assets and rights, together with certain related obligations, including but not limited to real property subleases covering the Company's manufacturing floor space, and outstanding purchase order commitments. In addition, the Asset Purchase Agreement also provides for Solectron's subsequent purchase, on August 30, 1999, of Trimble's entire component inventory which was on hand as of August 13, 1999.

Trimble received cash at the closing of the Asset Purchase Agreement, representing an interim estimate of the value of the assets purchased by Solectron, excluding inventory, and expects to receive an additional cash payment on August 30, 1999, representing an interim estimate of the component inventory to be sold to Solectron.

The final purchase price for all of the Company's assets to be sold to Solectron, including the component inventory, will be determined, and the cash payment between the parties will be adjusted, based upon a subsequent determination of all such purchased assets actually on hand at Trimble as of the date of closing of the Asset Purchase Agreement. The Company estimates that the final purchase price as so determined will be approximately \$28 million. Such final determination, and the final purchase price, is expected to be finalized by the end of the Company's third fiscal quarter. Upon such final determination, the Company will calculate its gain on the transaction, if any, and will recognize any such gain over the exclusive life of the Supply Agreement described below. The purchase price was arrived at through arm's length

negotiations by the parties and was determined to be fair and reasonable by the Board of Directors of Trimble.

Concurrently with the closing of the Asset Purchase Agreement, the Company and Solectron also entered into a Supply Agreement. The Supply Agreement provides for the exclusive manufacture by Solectron of almost all Trimble products for a period of three years.

Solectron will initially manufacture such Trimble products under the Supply Agreement in the same Trimble buildings in which such products were previously manufactured by Trimble, and Trimble has sublet such space to Solectron as part of this transaction. Solectron has offered employment to approximately 230 Trimble manufacturing, engineering and related support personnel, and Trimble understands that substantially all such employees have accepted employment with Solectron

Prior to the execution of the above agreements, there were no material relationships between Solectron and Trimble, or any affiliates, directors, or officers, or any associate of any such director, or officer. The descriptions in this Report on Form 8-K of the terms and conditions of the agreements and the transactions contemplated by the agreements are qualified in their entirety by reference to the full text of the agreements and exhibits related thereto (filed as Exhibit 10.68 and 10.69 to this current Report on Form 8-K).

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

- (a) Financial Statements of Business Acquired: Not applicable
- (b) Pro Forma Financial Information: Not applicable

The sale of assets by Trimble to Solectron does not meet the thresholds for significance of Item 2 of Form 8-K and, therefore, the Registrant will not be presenting separate audited financial statements or pro forma financial information related to the disposition of the described assets.

(c) EXHIBITS

- 10.68* Asset Purchase Agreement dated August 10, 1999 by and among Trimble Navigation Limited and Solectron Corporation and Solectron Federal Systems, Inc.
- 10.69* Supply Agreement dated August 10, 1999 by and among Trimble Navigation Limited and Solectron Corporation and Solectron Federal Systems, Inc.

* Confidential treatment has been requested for certain portions of this exhibit.

Certain exhibits and schedules to the above Asset Purchase Agreement, as indicated on page (iii) thereto, and to the Supply Agreement, as indicated on page (ii) thereto, have not been filed herewith. The Registrant will furnish any such exhibits and schedules supplementally to the Securities and Exchange Commission upon request; provided, however, the Registrant reserves the right to request confidential treatment for portions of any such exhibits and schedules so requested.

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.

TRIMBLE NAVIGATION LIMITED
(Registrant)

By: /s/Steven W. Berglund

Steven W. Berglund
(President and CEO)

Dated: August 24, 1999

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
10.68*	Asset Purchase Agreement dated August 10, 1999 by and among Trimble Navigation Limited and Solectron Corporation and Solectron Federal Systems, Inc.
10.69*	Supply Agreement dated August 10, 1999 by and among Trimble Navigation Limited and Solectron Corporation and Solectron Federal Systems, Inc.

* Confidential treatment has been requested for certain portions of this exhibit.

Certain exhibits and schedules to the above Asset Purchase Agreement, as indicated on page (iii) thereto, and to the Supply Agreement, as indicated on page (ii) thereto, have not been filed herewith. The Registrant will furnish any such exhibits and schedules supplementally to the Securities and Exchange Commission upon request; provided, however, the Registrant reserves the right to request confidential treatment for portions of any such exhibits and schedules so requested.

ASSET PURCHASE AGREEMENT
BY AND BETWEEN
SOLETRON FEDERAL SYSTEMS, INC.,
SOLETRON CORPORATION
AND
TRIMBLE NAVIGATION LIMITED

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List of Exhibits

- Exhibit A - Sublease Agreement [not submitted in filing]
- Exhibit B - Supply Agreement [filed separately]
- Exhibit C - Interim Financial Statement of Assets and Liabilities (FSAL) [not submitted in filing]
- Exhibit D - Purchase Price Allocation
- Exhibit E - Description of Transition Services
- Exhibit F - Employee Transition Benefits [not submitted in filing]
- Exhibit G - Inventory

List of Schedules

- Schedule 2.1 - Tangible Assets [not submitted in filing]
- Schedule 2.1 - Intangible Assets [not submitted in filing]
- Schedule 2.1 - Transferred Agreements [not submitted in filing]
- Schedule 2.1 - Transferred Permits [not submitted in filing]
- Schedule 2.1 - Expensed Assets [not submitted in filing]
- Schedule 2.1 - Inventory [not submitted in filing]
- Schedule 4 - Disclosure Letter exceptions to representations and warranties [not submitted in filing]
- Schedule 6.5 - Extraordinary course compensation commitments [not submitted in filing]
- Schedule 7.1 - Regular Employee List [not submitted in filing]

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ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT ("Agreement"), dated as of August 10, 1999, is made and entered into by and between Solectron Federal Systems, Inc., a Delaware corporation, Solectron Corporation, a Delaware Corporation (jointly and severally, "Solectron" or "Buyer") and Trimble Navigation Limited, a California corporation ("Trimble" or "Seller"), each a "Party" and collectively, the "Parties".

RECITALS

A. Seller desires to sell certain assets related to aspects of Seller's Global Positioning Systems operations in buildings 6, 8 and 10 ("Operations") of Seller's campus in Sunnyvale, California (the "Facility"), and Buyer desires to purchase said assets related to the Operations in accordance with the terms and conditions of this Agreement.

B. In connection with the sale of such assets by Seller to Buyer, Seller will release certain individuals associated with the Operations from their

employment with Seller, and Buyer will employ such individuals as its own employees, all in accordance with the terms and conditions of this Agreement.

C.The Board of Directors of each of the parties believes it is in the best interests of such party and its respective stockholders/shareholders that this transaction is undertaken and in furtherance thereof, the parties hereby enter into the following Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants, representations, warranties, conditions and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto hereby agree as follows:

ARTICLE 1

DEFINITIONS

In this Agreement (including exhibits and schedules), the following terms have the meanings specified or referred to in this Article 1 and shall be equally applicable to both the singular and plural forms. Any agreement referred to below shall mean such agreement as amended, supplemented and modified from time to time to the extent permitted by the applicable provisions thereof and by this Agreement.

"Additional Agreements" means all agreements (including exhibits and schedules), instruments and documents being or to be executed and delivered under this Agreement or in connection herewith, including, but not limited to the following: the Real Estate Sublease Agreement and the Supply Agreement.

"Affiliate" means any entity which controls, is controlled by, or is under common control with, Seller or Buyer, as the case may be. An entity shall be deemed to be in control

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of another entity only if, and for so long as, it owns or controls more than fifty percent (50%) of the shares of the subject entity entitled to vote in the election of directors (or, in the case of an entity that is not a corporation, for the election of the corresponding managing authority).

"Ancillary Technology" means specific Intellectual Property rights owned by Seller or licensed by Seller and which can be sublicensed, which rights are used in connection with the Operations, as listed and described in the Supply Agreement.

"Assumed Liabilities" has the meaning specified in Section 2.3 ("Liabilities and Obligations") hereof.

"Benefit Arrangement" has the meaning specified in Section 4.8 ("Employees") hereof.

"Bonus" has the meaning specified in Section 7.1 ("Employment Matters") hereof.

"Buyer" has the meaning specified in the first paragraph of this Agreement.

"Claim Notice" has the meaning specified in Section 10.3 ("Notice of Claims") hereof.

"Closing" has the meaning specified in Section 3.1 ("The Closing") hereof.

"Closing Date" has the meaning specified in Section 3.1 ("The Closing") hereof.

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

"Components" means component parts, raw materials, supplies and other materials which are of a type generally quantified in bills of materials and which are required for the Operations.

"Contamination" means the presence of any Hazardous Material in the soil, groundwater, surface water, ambient air, or building or other materials constituting the referenced property in a concentration that (a) exceeds the concentration allowed by applicable Federal and/or State Environmental Laws and Governmental Orders or, (b) requires investigation, remediation, removal, or monitoring under applicable Federal and/or State Environmental Laws and Government Orders.

"Disclosure Letter" has the meaning specified in the introductory paragraph to Article 4 ("Representations and Warranties of Seller") hereof.

"Disposal Facility" means all transporters, locations, landfills, disposal sites, storage sites, treatment facilities, recycles and incinerators to which Hazardous Materials generated at an Operations Property in connection with a Remediation Activity have been transferred or transported for storage, treatment or disposal.

"DOJ" has the meaning specified in Section 6.6 ("Government Filings") hereof.

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"Encumbrance" means any lien, claim, charge, security interest, mortgage, pledge, easement, conditional sale or other title retention agreement, defect in title, covenant or other restrictions of any kind.

"Environmental Laws" mean all Requirements of Laws which relate to the use, handling, transportation, production, spill, leaking, pumping, injection, deposit, disposal, discharge, dispersal, release, threatened release, leaching, migration, emission, sale, or storage of, or the exposure of any Person to, a Hazardous Material.

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

"Excess" means those Components related to the Operations which are in excess of that which is necessary to satisfy Seller's forecast for the period beginning on the Closing Date and ending on the one year anniversary.

"Excluded Assets" has the meaning specified in Section 2.2 ("Assets Not to be Transferred") hereof.

"Expensed Assets" has the meaning specified in Section 2.1 ("Purchase and Sale of Assets to be Transferred") hereof.

"Expenses" means any and all costs and expenses incurred, including, without limitation, court filing fees, court costs, arbitration fees or costs, witness fees, and reasonable fees and expenses of legal counsel, investigators, expert witnesses, consultants, accountants and other professionals.

"FTC" has the meaning specified in Section 6.6 hereof.

"Final FSAL" has the meaning specified in Section 2.5 ("Adjustment of Purchase Price") hereof.

"GAAP" means the generally accepted accounting principles in the United States, applied consistently with prior periods.

"Governmental Body" means any foreign, federal, state, county, local, district, public authority, public agency, or any other political subdivision, public corporation, or governmental or regulatory authority whether foreign or domestic.

"Governmental Order" means any legally enforceable judgment, order, award or decree of any foreign, federal, state, local or other court or tribunal, or any Governmental Body and any final binding award in any arbitration proceeding.

"Governmental Permits" has the meaning specified in Section 4.5 ("Governmental Permits") hereof.

"HSR Act" has the meaning specified in Section 6.6 ("Governmental Filings")

hereof.

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"Hazardous Material" means any material or substance that is prohibited or regulated by any Requirements of Law to be radioactive, toxic, hazardous or otherwise a danger to human health, or the environment, excluding office and janitorial supplies, and other similar substances.

"Hazardous Material Activity" means the transportation, transfer, recycling, storage, use, treatment, manufacture, investigation, removal, remediation, release, exposure of any Person to, or sale or distribution of, any Hazardous Material or any equipment or product containing a Hazardous Material.

"Indemnified Party" means a Person indemnified pursuant to Section 10.3 ("Notice of Claims") hereof.

"Indemnitor" means a Person providing indemnification pursuant to Section 10.3 ("Notice of Claims") hereof.

"Instrument of Assignment" means an instrument of assignment executed by Seller conveying the Purchased Assets to Buyer.

"Instrument of Assumption" means an instrument of assumption executed by Buyer assuming the Assumed Liabilities.

"Intangible Assets" has the meaning specified in Section 2.1 ("Purchase and Sale of Assets to be Transferred") hereof.

"Intellectual Property" means

- (a) inventions, whether or not patentable, whether or not reduced to practice, and whether or not yet made the subject of a pending patent application or applications;
- (b) ideas and conceptions of potentially patentable subject matter, including without limitation, any patent disclosures, whether or not reduced to practice and whether or not yet made the subject of a pending patent application or applications;
- (c) all worldwide statutory invention registrations, patents, patent registrations and patent applications (including all reissues, divisions, continuations, continuations-in-part, extensions and reexaminations) and all rights therein provided by law, multinational treaties or conventions and all improvements to the inventions disclosed in each such registration, patent or application (collectively "Patents");
- (d) trademarks, service marks, trade dress, logos, trade names and corporate names, including all of the goodwill associated therewith, whether or not registered, including all common law rights, and registrations and applications for registration thereof, including, but not limited to, all marks

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registered in the United States Patent and Trademark Office, the Trademark Offices of the States and Territories of the United States of America, and the trademark offices of other nations throughout the world, and all rights therein provided by multinational treaties or conventions (collectively "Trademarks");

- (e) copyrights, whether or not registered, and registrations and applications for registration thereof, and all rights therein provided by law, multinational treaties or conventions (collectively "Copyrights");

- (f) mask works or registrations of mask works;
- (g) trade secrets and confidential, technical information (including ideas, formulas, compositions, inventions, and conceptions of inventions whether patentable or unpatentable and whether or not reduced to practice) (collectively "Trade Secrets");
- (h) technology (including know-how and show-how), manufacturing and production processes and techniques, research and development information, drawings, specifications, designs, plans, proposals, technical data and copyrightable works, whether secret or confidential or not;
- (i) copies and all tangible embodiments of all of the foregoing, in whatever form or medium;
- (j) all rights to obtain and rights to apply for patents, and to register trademarks and copyrights; and
- (k) all rights to sue for and recover and retain damages, costs or attorneys' fees for present and past infringement of any of the intellectual property rights hereinabove set out.

"Interim FSAL" has the meaning specified in Section 3.2 ("Adjustment of Purchase Price") hereof.

"Inventory" means all non-Excess, non-Obsolete raw materials, supplies, Components, work-in-process related to the Operations.

"IRS" means the Internal Revenue Service of the United States of America.

"Knowledge" or "knowledge" means a party's actual knowledge after reasonable inquiry of its directors, officers, and other management level employees reasonably believed to have knowledge in such matters.

"Leased Facility" means that portion of Seller's facility that will be subleased by Seller to Buyer as of the Closing Date, pursuant to the Real estate Sublease Agreement.

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"Losses" means any and all losses, costs, obligations, liabilities, settlement payments, awards, judgments, fines, penalties, damages, Expenses, deficiencies or other charges.

"New Regular Personnel" means Regular Personnel who become Buyer's personnel as of the Closing Date.

"Nonassignable Asset" has the meaning specified in Section 2.7 ("Nonassignable Assets") hereof.

"Nonexclusive Asset" has the meaning specified in Section 2.7 ("Nonassignable Assets") hereof.

"Obsolete" means parts, spares, products or Components which either have no useful life or cannot be incorporated or used in the manufacturer of Seller's products within the foreseeable future.

"Operations" has the meaning specified in the Recitals to this Agreement.

"Operations Property" means any real or personal property, plant, building, facility, structure, underground storage tank, equipment or unit, or other asset which is now or has at any time been owned, leased or operated by Seller in the conduct of the Operations or used by or for the benefit of Seller and the Operations, including, without limitation, the Leased Facility and only those applicable Purchased Assets.

"OSHA" means the Occupational Safety and Health Act, 29 U.S.C. ss.ss. 651 et seq., any amendment thereto, any successor statute, and any regulations promulgated thereunder.

"Permitted Encumbrances" means

- (a) liens for taxes and other governmental charges and assessments which are not yet due and payable;
- (b) liens of landlords and liens of carriers, warehousemen, mechanics and materialmen and other like liens arising in the ordinary course of business for sums not yet due and payable;
- (c) liens being contested in good faith by appropriate legal proceedings; and
- (d) other liens or imperfections on property which are not material in amount or do not materially detract from the value of or materially impair the existing use of the property affected by such lien or imperfection.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Body or any other entity.

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"Pre-Existing Environmental Liabilities" means all Losses arising out of any of the following:

- A. the presence of Contamination
 - (i) originating at or in any of the Operations Property included in the Purchased Assets on or before the Closing Date,
 - (ii) at or in any of the Operations Property or any other property at any time as a consequence of, and caused by, Seller's Release or generation of Hazardous Material on or before the Closing Date originating at the Leased Facility in the course of the conduct of the Operations on or before the Closing Date or
 - (iii) the presence on the Leased Facility on or before the Closing Date of a condition, to the extent that such condition causes a Release of Hazardous Material to the environment or which violates applicable Environmental Laws.
- B. any Hazardous Material Activity or Remediation Activity conducted in the course of the Operations
 - (i) on the Leased Facility on or before the Closing Date,
 - (ii) at any time on any Operations Property including the Purchased Assets other than the Leased Facility on or before the Closing Date or
 - (iii) at any time on or before the Closing Date by any Seller Group Member or its agents, employees or contractors.
- C. the exposure of any employee of any Seller Group Member, or any other Person in violation of Environmental Laws
 - (i) to any Contamination described in sub-part (a) above, at any time,
 - (ii) to any Hazardous Material located at the Leased Facility, to the extent that such exposure occurred on or before the Closing Date, or
 - (iii) to any Hazardous Material in the course of or as a consequence of any Hazardous Material Activity or Remediation Activity conducted (A) on or before the Closing Date with respect to the Operations or (B) by any Seller Group Member or their respective agents, employees or contractors at any time on or before the Closing Date; or
- D. the presence at any Disposal Facility of any Hazardous Material that is generated in the course of the Operations and

(i) shipped from the Leased Facility at any time on or before the Closing Date,

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(ii) shipped from any other Operations Property at any time,
or

(iii) shipped by any Seller Group Member or their respective agents, employees or contractors at any time on or before the Closing Date.

"Purchase Price" has the meaning specified in Section 3.2 ("Consideration") hereof.

"Purchased Assets" has the meaning specified in Section 2.1 ("Purchase and Sale of Assets to be Transferred") hereof.

"Real Estate Sublease Agreement" means the agreement whereby Seller will sublease the Facility to Buyer commencing as of the Closing Date in the form attached as Exhibit A ("Sublease Agreement").

"Records and Manuals" has the meaning specified in Section 2.1 ("Purchase and Sale of Assets to be Transferred") hereof.

"Regular Personnel" means all employees of the Seller engaged in the Operations as of immediately prior to the Closing Date.

"Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or dispersing into the environment.

"Remediation Activity" means any reporting, investigation, characterization, feasibility study, health assessment, risk assessment, remediation, treatment, recycling, removal, transport, monitoring, maintenance or any other activity incident to a Release, threatened Release, or the investigation, remediation or removal, of a Hazardous Material existing on any Operations Property or the air, soil, ground water, surface water, or improvements thereof.

"Representatives" means officers, directors, employees and agents of the respective parties.

"Requirements of Laws" means any applicable and legally enforceable foreign, federal, state and local laws, statutes, regulations, rules, codes, ordinances, judgments, injunctions, decrees, orders, permits, approvals, treaties, enacted, adopted, issued or promulgated by any Governmental Body (including, without limitation, those pertaining to electrical, building, zoning, environmental and occupational safety and health requirements) or common law.

"Retained Liabilities" has the meaning specified in Section 2.3 ("Liabilities and Obligations") hereof.

"Seller" has the meaning specified in the first paragraph of this Agreement.

"Solectron" has the meaning specified in the first paragraph of this Agreement.

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"Successor" means any

- (a) direct or indirect successor (by purchase of any asset(s), purchase of any stock, purchase of a partnership interest, merger, acquisition, reorganization, or other similar transaction) of a principal,

(b) any assignee or transferee, of any right, title or interest in the assets of the principal, or any portion thereof, as permitted under this Agreement, and

(c) any direct successor to any of the foregoing.

"Supply Agreement" means the agreement whereby Buyer will supply certain of Seller's worldwide market requirements for global positioning systems products, which agreement will be in the form attached as Exhibit B ("Supply Agreement") hereof.

"Tangible Assets" has the meaning specified in Section 2.1 ("Purchase and Sale of Assets to be Transferred") hereof.

"Tax" means any federal, state, local or foreign net income, alternative or add-on minimum, gross income, gross receipts, property, sales, use, transfer, gains, license, excise, employment, value-added, registration, stamp, payroll, withholding or minimum tax, or any other tax custom, duty, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or any penalty, addition to tax or additional amount imposed by any Governmental Body.

"Tax Return" means any return, report or similar statement required to be filed with respect to any Taxes including, without limitation, any information return, claim for refund, amended return and declaration of estimated Tax.

"Third Party Licenses" means the licenses and other agreements included in the Transferred Agreements that relate to this Agreement.

"Third Party Technology" means all software, technology, know-how or processes of third parties under license to Seller by third party vendors and suppliers.

"Transfer Taxes" means all sales taxes, use taxes, conveyance taxes, transfer taxes, filing fees, recording fees, reporting fees and other similar duties, taxes and fees, if any, imposed upon, or resulting from, the transfer of the Purchased Assets hereunder, except federal, state, or local income or similar taxes based upon or measure by revenue, income, profit or gain from transfer of the Purchased Assets or the conduct of the Operations or by any increase in the value of any of the Purchased Assets through the Closing Date.

"Transferred Agreements" has the meaning specified in Section 2.1 ("Purchase and Sale of Assets to be Transferred") hereof.

"Transferred Permits" has the meaning specified in Section 2.1 ("Purchase and Sale of Assets to be Transferred") hereof.

"Y2K Compliant" means, with respect to any software or hardware, that neither performance nor any function shall be adversely affected by dates prior to, during or after the year 2000. In particular and without limiting the generality of the foregoing, (i) no value for current date will cause directly or indirectly any material interruption in operation, (ii) each material date-based function shall behave consistently for dates prior to, during and after the year 2000, (iii) in all interfaces and data storage, the century in any date must be specified either explicitly or by unambiguous algorithms or interfering rules, and (iv) the year 2000 must be recognized as a leap year.

ARTICLE 2

PURCHASE AND CONSIDERATION

2.1 Purchase and Sale of Assets to be Transferred.

(a) On the terms and subject to the conditions of this Agreement, as of the Closing Date, Seller agrees to sell, transfer, convey, assign and deliver to Buyer, and Buyer agrees to buy and acquire from Seller, free and clear of all Encumbrances other than Permitted Encumbrances, all right, title and interest of Seller in and to the following assets and goodwill related to the Operations as of the Closing Date (collectively, the "Purchased Assets"):

(i) all tangible assets listed on Schedule 2.1(a)(i) ("Tangible Assets") hereto;

(ii) all intangible assets related to the Operations listed on Schedule 2.1(a)(ii) ("Intangible Assets") hereto;

(iii) the agreements listed on Schedule 2.1(a)(iii) hereto ("Transferred Agreements");

(iv) the permits listed on Schedule 2.1(a)(iv) hereto ("Transferred Permits");

(v) All repair and maintenance records and operation manuals in Trimble's possession at the Closing Date that relate to the Purchased Assets ("Records and Manuals") provided, however that Seller shall be entitled to retain and use as Seller deems fit such copies of each of such Records and Manuals as Seller may determine; and

(vi) those expensed assets of Seller used solely to support the Operations and tangible personal property of Seller used solely in connection with the Operations as listed on Schedule 2.1(a)(vi) ("Expensed Assets") hereto.

(b) Seller agrees to sell, transfer, convey, assign and deliver to Buyer, and Buyer agrees to buy and acquire from Seller, free and clear of all Encumbrances other than Permitted Encumbrances, all right, title and interest of Seller in and to the Inventory on the terms and subject to the conditions of Exhibit G ("Inventory") hereto. Prior to such sale, Seller shall consign the Inventory to Buyer on the terms and subject to the conditions of Exhibit G ("Inventory") hereto.

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(c) With respect to the unscheduled, expensed assets otherwise designated by Seller in writing to Buyer, Seller shall permit Buyer no more than seven (7) days prior to the Closing Date to identify with a label any unscheduled assets to indicate that they shall be transferred to Buyer as part of the transactions contemplated hereunder.

2.2 Assets Not to be Transferred.

Seller shall retain and Buyer shall not acquire any right, title or interest of Seller in or to any of Seller's assets, other than the Purchased Assets including, without limitation, the following (collectively, the "Excluded Assets"):

(a) all cash, bank accounts and cash equivalents;

(b) all accounts and notes receivable;

(c) all telephone, telex and facsimile numbers;

(d) Seller's financial, tax and accounting records;

(e) Facility leases; and

(f) assets, rights or properties used by Seller in connection with any of its businesses other than the Operations.

2.3 Liabilities and Obligations.

(a) As of the Closing Date, Buyer agrees to only assume and pay, perform or otherwise discharge the obligations associated with the following (collectively, the "Assumed Liabilities"):

(i) Purchased Assets, Transferred Agreements and Transferred Permits, arising from and after the Closing Date, and

(ii) liabilities and obligations with respect to New Regular Personnel.

(b) Except as set forth in Section 2.3(a) hereof and notwithstanding anything else in this Agreement to the contrary, Buyer shall not assume or have any responsibility for any liability, obligation or commitment of any nature of

Seller, or associated with the Operations prior to the Closing, whether now or hereafter existing, known or unknown, accrued or unaccrued or due to come due, including, without limitation, the Pre-Existing Environmental Liabilities, those liabilities, if any, listed on the Disclosure Letter and those other liabilities and obligations specifically identified as "Retained Liabilities" in this Agreement (collectively, the "Retained Liabilities"). Seller acknowledges and agrees that it shall be fully responsible for all such Retained Liabilities in accordance with the terms of Article 10 hereof.

(c) Nothing herein shall be deemed to deprive Buyer of any defenses, set-offs or counterclaims which Seller may have had or which Buyer shall have with respect to any of

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the Assumed Liabilities (collectively, the "Defenses and Claims"). Effective at the Closing, Seller agrees to assign, transfer and convey to Buyer all Defenses and Claims and agrees to cooperate with Buyer (at Buyers expense) to maintain, secure, perfect and enforce such Defenses and Claims including the execution of any documents, the giving of testimony or the taking of any such other action as is reasonably requested by Buyer in connection with such Defenses and Claims.

2.4 Consideration.

The consideration for the transfer of the Purchased Assets (the "Purchase Price") shall be the Determined Value of the Purchased Assets, all as determined pursuant to Section 2.5 ("Adjustment of Purchase Price") below.

2.5 Adjustment of Purchase Price.

(a) Within forty-five (45) days after the Closing, Seller will prepare and deliver to Buyer a Final Financial Statement of Assets and Liabilities ("Final FSAL") reflecting the purchase price of the Purchased Assets and any Assumed Liabilities as of the Closing Date. The Final FSAL shall be true, accurate and prepared (to the extent applicable) in a manner consistent with the Interim Financial Statement of Assets and Liabilities attached hereto as Exhibit C ("Interim FASL") and (to the extent applicable) in accordance with the Seller's accounting policies and practices which are in compliance with GAAP, and will fairly present, as of the Closing Date, [*] (the sum of all of the foregoing collectively referred to as the "Determined Value"). In the event of any dispute regarding the final FSAL (other than net book value amounts), such dispute shall be resolved in accordance with the provisions of Section 12.14 ("Dispute Resolution") hereof. Buyer may not dispute any net book value amounts contained in the Final FSAL and no dispute may be asserted by either Party unless the aggregate of all disputed amounts related to the Final FSAL are in excess of Twenty Five Thousand Dollars (\$25,000.00). Any notice of dispute by either Party must be in writing and must contain a reasonably detailed description of the nature of the dispute.

(b) In the event the Purchase Price exceeds the Closing Date Payment (as hereinafter defined) Buyer shall, within thirty (30) days following delivery to Buyer of the Final FSAL (the "Dispute Period"), (i) identify any portions of the Final FSAL which may be subject to dispute, and (ii) deliver to Seller cash in an amount equal to the difference between the Purchase Price and the Closing Date Payment, reduced only by the amount identified as provided in subsection (i) above, by wire transfer of immediately available funds to the bank account designated by Seller. In the event the Closing Date Payment exceeds the Purchase Price and Buyer does not dispute the Final FSAL, the Seller shall, not later than thirty (30) days following delivery to Buyer of the Final FSAL, deliver to Buyer cash in an amount equal to such difference by wire transfer of immediately available funds to the bank account

[*]-CERTAIN INFORMATION AS INDICATED ON THIS PAGE HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

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designated by Buyer. Buyer's failure to deliver a written notice of dispute to seller within the applicable Dispute Period shall be deemed acceptance of the Final FSAL.

2.6 Transfer Taxes.

Transfer Taxes shall be paid by Buyer. Seller shall cooperate with Buyer to the extent reasonably requested and legally permitted to minimize any Transfer Taxes.

2.7 Nonassignable Assets.

To the extent that any Purchased Asset is not capable of being assigned to Buyer without the consent, approval or waiver of a third Person, or if such assignment or attempted assignment would constitute a breach thereof or default thereunder (each a "Nonassignable Asset"), or to the extent that the assignment of any such contract is not practicable because it also relates to an area of Seller's business other than the Operations (each a "Nonexclusive Asset"), nothing in this Agreement will constitute an assignment or require the assignment thereof except to the extent provided in this Section 2.7.

Notwithstanding anything contained in this Agreement to the contrary, Seller will not be obligated to assign to Buyer any of its rights and obligations in and to any of the Nonassignable Assets without first having obtained all consents, approvals and waivers necessary for such assignment; provided, however, that Seller shall use its reasonable efforts (which will not under any circumstances include the payment of money or litigation of claims) to obtain all such consents, approvals and waivers prior to the Closing and, if the Closing occurs, will use reasonable efforts after the Closing Date to obtain all such consents, approvals and waivers. Buyer will cooperate with Seller in Seller's efforts to obtain all required consents, approvals and waivers. If any such consent shall not be obtained, Seller and Buyer shall cooperate to enter into a reasonable and mutually agreeable resolution (including, but not limited to equitably adjusting the Purchase Price). As to the Nonexclusive Assets, Seller shall use reasonable efforts (which will not under any circumstances include the payment of money or litigation of claims) to effect an assignment of rights with respect to the parts of such Nonexclusive Asset that relate exclusively to the Operations (if practicable) or, alternatively, to enter into new agreements with respect to the parts of each Nonexclusive Asset that relate exclusively to the Operations.

2.8 Allocation.

Each of the parties agrees to report this transaction for foreign and domestic state and federal tax purposes in accordance with the allocations set forth in Exhibit D ("Purchase Price Allocation"). Buyer and Seller agree to use such allocation in filing any applicable report, form or filing made with applicable taxing authorities. If any taxing authority makes or proposes an allocation different from that set forth in Exhibit D ("Purchase Price Allocation"), Buyer and Seller shall cooperate with each other in good faith to contest such taxing authority's allocation (or proposed allocation); provided however, that, after consultation with all parties adversely affected by such allocation (or proposed allocation), any other party hereto may file such protective claims or returns as may be reasonably required to protect its interests. Each party requesting cooperation shall reimburse the

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cooperating party for its reasonable out-of-pocket expenses (including reasonable legal fees and expenses) incurred in rendering such cooperation.

2.9 License of Ancillary Technology.

Subject to and upon the terms and conditions of this Agreement, at the Closing, Seller agrees to grant Buyer the right to use Ancillary Technology in connection with the conduct of the Operations as provided in the Supply Agreement.

ARTICLE 3

CLOSING

3.1 The Closing.

The transactions contemplated by this Agreement shall be consummated (the "Closing") at the Administration Building (building 5) of Solectron Corporation at 10:00 a.m., local time, on August 13, 1999, or such other place, time and date as the parties shall agree provided, however, that the Seller shall have the right to extend such date for up to fourteen (14) days on written notice to Buyer given on or before August 11, 1999. The time and date on which the Closing is actually held is referred to herein as the "Closing Date."

3.2 Payment.

Subject to fulfillment or waiver of the conditions set forth in Article 8 ("Conditions Precedent to Obligations of Buyer") below, at the Closing, Buyer shall pay Seller a cash amount equal to the Determined Value as reflected on the Interim FSAL (the "Closing Date Payment") by wire transfer of immediately available funds to the bank account designated by Seller.

3.3 Buyer's Additional Deliveries.

Subject to fulfillment or waiver of the conditions set forth in Article 8 ("Conditions Precedent to Obligations of Buyer"), at the Closing Buyer shall deliver to Seller, in addition to the Closing Date Payment, all of the following:

(a) Certificate of the secretary or an assistant secretary of Buyer, dated the Closing Date, in form and substance reasonably satisfactory to Seller, as to the resolutions of the Board of Directors of Buyer authorizing the execution and performance of this Agreement by Buyer and the contemplated transactions;

(b) The certificate contemplated by Section 9.1 ("No Misrepresentation or Breach of Covenants and Warranties") below, duly executed by any Vice President or the President of Buyer;

(c) The Instrument of Assumption duly executed by Buyer;

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(d) The Real Estate Sublease Agreement duly executed by Buyer;
and

(e) The Supply Agreement duly executed by Buyer.

3.4 Seller's Deliveries.

Subject to fulfillment or waiver of the conditions set forth in Article 9 ("Conditions Precedent to Obligations of Seller"), at the Closing Seller shall deliver to Buyer all of the following:

(a) Certificate of the secretary or an assistant secretary of Seller, dated the Closing Date, in form and substance reasonably satisfactory to Buyer, as to the resolutions of the Board of Directors of Seller authorizing the execution and performance of this Agreement and the contemplated transactions;

(b) The certificates contemplated by Section 8.1 ("No Misrepresentations or Breach of Covenants and Warranties") below, duly executed by Seller;

(c) The Instrument of Assignment duly executed by Seller;

(d) Certificates of title or origin (or like documents) with respect to any Tangible Assets for which a certificate of title or origin is required in order to transfer title;

(e) All consents, waivers or approvals required to be obtained by Seller with respect to the Purchased Assets or the consummation of the transactions contemplated by this Agreement;

(f) Such other bills of sale, assignments and other instruments of transfer or conveyance as Buyer may reasonably request or as may be otherwise necessary to evidence and effect the sale, assignment, transfer, conveyance and delivery of the Purchased Assets to Buyer;

(g) The Real Estate Sublease Agreement duly executed by Seller; and

(h) The Supply Agreement duly executed by Seller.

3.5 Passage of Title.

Legal and equitable title and risk of loss with respect to all of the Purchased Assets shall pass to Buyer on the transfer of the Purchased Assets at the Closing.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF SELLER

Except as set forth in Schedule 4 hereto (the "Disclosure Letter") Seller represents and warrants to Buyer as follows as of the Effective Date:

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4.1 Organization of Seller.

Seller is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction. Seller is duly qualified to carry on the Operations as now conducted and is in good standing in each of the jurisdictions in which the ownership or leasing of the Purchased Assets or the conduct of the Operations requires such qualification, unless the absence of qualification would not have a material adverse effect on the Purchased Assets or the Operations. Seller has the requisite corporate power and authority to own or lease and to operate and use the Purchased Assets and to carry on the Operations as now conducted.

4.2 Authorization.

(a) Seller has all necessary power and authority to execute, deliver and perform this Agreement and all of the Additional Agreements and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the Additional Agreements by Seller have been duly and validly authorized and approved by all required corporate proceedings on the part of Seller, and do not require any further authorization or consent of Seller. This Agreement has been, and the Additional Agreements, upon execution and delivery by Seller will be, duly authorized, executed and delivered by Seller.

(b) Neither the execution and delivery of this Agreement or any of the Additional Agreements or the consummation of any of the transactions contemplated hereby or thereby nor compliance with or fulfillment of the terms, conditions and provisions hereof or thereof will: (i) violate, conflict with, result in a breach of the terms, conditions or provisions of, or constitute a default, an event of default or an event creating rights of acceleration, termination or cancellation or a loss of rights under, or result in the creation or imposition of any Encumbrance upon any of the Purchased Assets under (A) the organizational documents of Seller, (B) any other note, instrument, agreement, mortgage, lease, license, franchise, permit or authorization, right, restriction or obligation to which Seller is a party or any of its properties is subject or by which Seller or any of its properties is bound, (C) any Governmental Order to which Seller is a party or any of its properties is subject or by which Seller or any of its properties is bound, or (D) any Requirements of Laws affecting Seller or its property; or (ii) except for any filings required to be made under the HSR Act, require the approval, consent, authorization or act of, or the making by Seller of any declaration, filing or registration with, any Person.

4.3 Taxes.

There are (and as of immediately following the Closing there will be) no Encumbrances on the Purchased Assets relating to or attributable to Taxes other than Permitted Encumbrances. Seller has no knowledge of any basis for the assertion of any such claims which, if adversely determined, would materially and adversely effect Buyer or Buyer's use of the Purchased Assets or result in an Encumbrance on the Purchased Assets, other than Permitted Encumbrances. None of the Purchased Assets are treated as "tax-exempt use property" within the meaning of Section 168(h) of the Code.

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4.4 Condition of Assets.

The Tangible Assets are in good and serviceable condition, subject to reasonable wear and tear. Except as expressly set forth in this Agreement, the Purchased Assets are provided as is and without any express, implied or statutory warranties of any kind, including, but not limited to the implied warranties of merchantability, fitness for a particular purpose and non-infringement of third party rights.

4.5 Governmental Permits.

Seller owns, holds or possesses all material licenses, franchises, permits, privileges, immunities, approvals and other authorizations from a Governmental Body which are necessary to entitle it to own or lease, operate and use the Purchased Assets and to carry on and conduct the Operations substantially as currently conducted (collectively, the "Governmental Permits").

4.6 Title to Tangible Property.

Seller has good and indefeasible title to all of the Tangible Assets, free and clear of all Encumbrances other than Permitted Encumbrances. Except as set forth in Schedule 4, the Purchased Assets constitute all of the assets which Seller has used in the conduct of the Operations as now conducted by Seller and the Purchased Assets are all located at the Leased Facility. Upon delivery to Buyer on the Closing Date of the instruments of transfer contemplated by Section 3.4 (Seller's Deliveries") above, Seller will thereby transfer to Buyer good and indefeasible title to the Tangible Assets, free and clear of Encumbrances other than Permitted Encumbrances.

4.7 Intellectual Property.

There are no pending actions of which Seller has received notice, and no Person has made or, to Seller's knowledge, threatened to make, a claim that the operation of the Operations infringes or otherwise violates the Intellectual Property right of such Person. Except as set forth in Schedule 4, to Seller's knowledge, the current operation of the Operations does not infringe or otherwise violate any Intellectual Property right of any Person.

4.8 Employees

(a) Buyer will not have, as a consequence of the transactions contemplated hereby, any liability or obligation with respect to or under any employee benefit plan (as such term is defined in Section 3(3) of ERISA), and each other plan, program or arrangement, whether written or oral, providing for compensation or benefits in connection with the performance of services to Seller and maintained by Seller with respect to Regular Personnel (collectively, "Benefit Arrangements") or any other Seller employees and all such matters shall constitute "Retained Liabilities" hereunder.

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(b) Insofar as it pertains to the Operations, Seller is not a party to or bound by any union contract and has not experienced any strike, grievance or any arbitration proceeding, claim of unfair labor practices filed or, to Seller's knowledge, threatened to be filed or any other material labor difficulty. To Seller's knowledge, no organizational effort is being or has been made or threatened by or on behalf of any labor union with respect to any employees of Seller pertaining to the Operations. To Seller's knowledge, except as described on Schedule 7.1, none of the Regular Personnel listed on Schedule 7.1 is involved in or is otherwise threatening a potential labor dispute.

4.9 Contracts.

Each Transferred Agreement constitutes a valid, legal and binding obligation of the respective parties thereto (assuming that such Transferred Agreements are binding on all parties thereto other than Seller; Seller has no knowledge to the contrary); and no defenses, offsets, or counterclaims thereto have been asserted by any party thereto. Seller has not received notice of any default under any of such Transferred Agreements. To Seller's knowledge, there

are no existing defaults or events of default, real or claimed, or events which with notice or lapse of time or both would constitute a material default under any Transferred Agreement. To Seller's knowledge, there exists no actual or threatened termination, cancellation, or limitation of, or any amendment, modification, or change to any Transferred Agreement.

Seller is neither renegotiating any of the Transferred Agreements nor is it paying liquidated damages in lieu of performance thereunder. Any such Transferred Agreements may be transferred to Buyer pursuant to this Agreement and will continue in full force and effect thereafter, in each case without breaching the terms thereof or resulting in the forfeiture or impairment of any rights thereunder and without the consent, approval or act of, or the making of any filing with, any Person. Complete and correct copies of each of the written Transferred Agreements have heretofore been delivered or otherwise made available to Buyer by Seller.

4.10 No Violation, Litigation or Regulatory Action

a) The Purchased Assets and their current use by Seller comply in all material respects with all applicable Requirements of Laws and Governmental Orders,

b) Seller has complied in all material respects with all Requirements of Laws and Governmental Orders which are applicable to the Purchased Assets or the Operations,

c) There are no lawsuits, claims, suits, proceedings or investigations pending of which Seller has received notice or, to the knowledge of Seller, threatened against or affecting Seller in respect of the Purchased Assets or the Operations, and there are no lawsuits, suits or proceedings pending in which Seller is the plaintiff or claimant and which relate to the Purchased Assets or the Operations; nor to Seller's knowledge, is there any basis for the same, and

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d) There is no action, suit or proceeding pending of which the Seller has received notice or, to the knowledge of Seller threatened which questions the legality of the transactions contemplated by this Agreement.

4.11 Environmental Matters

(a) To Seller's knowledge, neither Seller, with respect to the Purchased Assets, the Operations or any of the Operations Property, nor any of the past or present Operations, is subject to any pending or ongoing judicial proceeding of which Seller has received written notice, Governmental Order, investigation, written notice of claim or demand, or settlement with or before any Governmental Body or other Person (including without limitation any present or prior owner or operator of Operations Property) respecting

(i) any material violation of Environmental Laws,

(ii) any Remediation Activities,

(iii) the conduct of Hazardous Material Activities associated with the Operations, or

(iv) any claim of Losses arising from Contamination or the Release or threatened Release of Hazardous Material.

Seller has not, with respect to the Operations or the Purchased Assets, filed nor does Seller intend to file any written notice or report under any Environmental Laws reporting a violation by Seller of any Environmental Laws or any Release of Hazardous Material to the environment. In the five (5) year period prior to the Closing Date, to Seller's knowledge, Seller has not received any written notice or claim to the effect that it is or may be liable to any Person as a result of the Release or threatened Release of Hazardous Material into the environment

(i) arising out of or relating in any way to past or present Operations, or

(ii) from the Leased Facility or any other Operations Property.

(b) To Seller's knowledge, no Contamination is present on, in or under the Leased Facility, and no material Release has occurred on the Leased Facility or any other Operations Property in connection with the conduct of the Operations by the Seller which would be required to be reported to a Governmental Body under Environmental Laws. Other than Hazardous Material reasonably necessary for the conduct of the Operations as presently conducted and properly stored in accordance with applicable Environmental Laws, no Hazardous Material will be stored at the Leased Facility as of the Closing Date.

(c) To Seller's knowledge, any asbestos-containing material which is on or part of the Leased Facility (excluding any raw materials used in the manufacture of products or products themselves) is in good repair according to the current standards and practices governing such material, and its presence or condition does not violate any applicable Environmental Laws. To the Seller's knowledge, none of the products Seller has

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manufactured, distributed or sold in connection with the Operations contains asbestos-containing material.

(d) To Seller's knowledge, all Hazardous Material Activities conducted at the Leased Facility or the Operations Property or in connection with past or present Operations (i) have been conducted in material compliance with applicable Environmental Laws and (ii) have not resulted in Seller's receipt of a written notice claiming that Seller's exposure of any Person to Hazardous Material in a manner which has or will cause an adverse health effect to said Person.

4.12 No Finder.

Neither Seller nor any Person acting on its behalf has paid or become obligated to pay any fee or commission to any broker, finder or intermediary for or on account of the transactions contemplated by this Agreement.

4.13 Disclosure.

None of the representations or warranties of Seller contained herein, none of the information contained in the exhibits and schedules attached hereto or in the Additional Agreements (including exhibits and schedules attached thereto) contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements herein or therein, in light of the circumstances in which they were made, not misleading.

4.14 Year 2000 Compliance.

Seller represents that to the extent applicable, the Purchased Assets transferred to Buyer are Year 2000 compliant as defined herein. With respect to non-Y2K Compliant assets identified on Schedule 4.14, Trimble and Solectron will cooperate over the 45 day period following the Closing to bring such assets into mutually acceptable compliance, or to develop a mutually acceptable plan for compliance, or to make the risk level mutually acceptable, consistent with the degree of importance of such assets to the activities to be performed by Solectron for Trimble under the Supply Agreement. Trimble will bear any required hardware and software replacement purchase costs.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller and agrees as of the effective date:

5.1 Organization of Buyer

Buyer is an entity duly organized, validly existing and in good standing under the laws of its jurisdiction. If Buyer conducts the operations upon the Closing, it will be duly qualified to carry on the Operations and will be in good standing in

the State of California. Buyer has full corporate power and authority to own or lease and to operate and use its properties and assets and to carry on its business as now conducted.

5.2 Authorization.

(a) Buyer has full power and authority to execute, deliver and perform this Agreement and all of the Additional Agreements and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the Additional Agreements by Buyer have been duly authorized and approved by the board of directors of Buyer, and do not require any further authorization or consent of Buyer. This Agreement has been, and the Additional Agreements, upon execution and delivery by Buyer will be, duly authorized, executed and delivered by Buyer.

(b) Neither the execution and delivery of this Agreement or any of the Additional Agreements or the consummation of any of the transactions contemplated hereby or thereby nor compliance with or fulfillment of the terms, conditions and provisions hereof or thereof will:

(i) violate, conflict with, result in a breach of the terms, conditions or provisions of, or constitute a default, an event or default or an event creating rights of acceleration, termination or cancellation or a loss of rights under

(ii) the organizational documents of Buyer,

(iii) any other note, instrument, agreement, mortgage, lease, license, franchise, permit or authorization, right, restriction or obligation to which Buyer is a party or any of its properties is subject or by which Buyer or any of its properties is bound,

(iv) any Governmental Order to which Buyer is a party or any of its properties is subject or by which Buyer or any of its properties is bound, or

(v) any Requirements of Laws affecting Buyer or its property; or

(vi) except for any filings required to be made under the HSR Act, require the approval, consent, authorization or act of, or the making by Buyer of any declaration, filing or registration with, any person.

5.3 No Finder.

Neither Buyer nor any Person acting on its behalf has paid or become obligated to pay any fee or commission to any broker, finder or intermediary for or on account of the transactions contemplated by this Agreement.

5.4 Cash Consideration.

Buyer will, at the Closing, have available sufficient cash to enable it to perform its obligations under this Agreement.

5.5 Disclosure.

None of the representations or warranties of Buyer contained herein, none of the information contained in the exhibits and schedules attached hereto or in the Additional Agreements (including exhibits and schedules attached hereto) contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements herein or therein, in light of the circumstances in which they were made, not misleading.

ARTICLE 6

ACTION PRIOR TO THE CLOSING DATE

The respective parties hereto covenant and agree to take the following actions prior to the Closing.

6.1 Investigation of the Operations by Buyer.

Prior to the Closing, upon reasonable advance notice by Buyer to Seller, Seller shall afford to the officers, employees and authorized representatives of Buyer (including, without limitation, independent public accountants and attorneys) reasonable access during normal business hours to the offices, properties, employees and business records (excluding financial records) but including computer files, retrieval programs and similar documentation) of Seller with respect to the Operations and shall furnish to Buyer or its authorized representatives such additional information concerning the Purchased Assets and the Operations as shall be reasonably requested, including all such information as shall be reasonably necessary to enable Buyer or its representatives to verify the accuracy of the representations and warranties contained in this Agreement, to verify that the covenants of Seller contained in this Agreement have been complied with and to determine whether the conditions set forth in Article 8 ("Conditions Precedent to Obligations of Buyer") have been satisfied. Such investigation shall be conducted in such a manner as not to interfere with the Operations, and Seller shall have no duty hereunder to provide access to Buyer to any information as to which Seller owes any Person a duty of confidentiality without such Person's prior written consent. No investigation made by Buyer or its representatives hereunder shall affect the express representations and warranties of Seller.

6.2 Preserve Accuracy of Representations and Warranties.

Each of the parties hereto shall refrain from taking any action which would render any representation or warranty contained in Article 4 or 5 of this Agreement not to be true and correct in all material respects as of the Closing Date. Each party shall promptly notify the other of any action, suit or proceeding that shall be instituted or threatened against such party to restrain, prohibit or otherwise challenge the legality of any transaction contemplated by

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this Agreement. Seller shall promptly notify Buyer of any lawsuit, claim, proceeding or investigation that is threatened, brought, asserted or commenced against Seller which would have been set forth in Schedule 4 if such lawsuit, claim, proceeding or investigation had arisen prior to the date hereof.

6.3 Transferred Agreements.

Subject to Section 2.7 ("Nonassignable Assets") hereof, Seller will use commercially reasonable efforts to secure, before the Closing Date, the consent, approval or waiver, in form and substance reasonably satisfactory to Buyer, from any Person to any Transferred Agreement required to be obtained to assign or transfer any such agreements to Buyer or to otherwise satisfy the conditions set forth in Section 8.3 ("Necessary Approvals") hereof; provided that neither Seller nor Buyer shall have any obligation to offer or pay any consideration in order to obtain any such consents or approvals; and provided, further, that Seller shall not make any agreement or understanding affecting the Purchased Assets or the Operations as a condition for obtaining any such consents or waivers except with the prior written consent of Buyer not to be unreasonably withheld. During the period prior to the Closing, Buyer shall use commercially reasonable efforts to cooperate and assist Seller in obtaining the consents, approvals and waivers contemplated by this Section 6.3.

6.4 Notice of Certain Matters.

Without limiting either party's right to rely on the representations and warranties as set forth herein, each of Buyer and Seller shall provide the other party with prompt written notice with respect to any material facts which arise between the date of this Agreement and the Closing Date which, if they had

occurred and been known prior to the date of this Agreement, would have been required to have been disclosed in order to make the representations and warranties contained in Articles 4 and 5 true and correct as of the date of this Agreement. In addition, Seller shall provide Buyer with prompt written notice if, between the date hereof and the Closing Date, there is a change in the Purchased Assets or the Operations which has or may be reasonably expected to materially and adversely affect the Operations. Subject to the applicable confidentiality provisions of this Agreement, during the period prior to the Closing, Seller will as promptly as reasonably possible under the circumstances advise Buyer in writing of

(a) any notice or other communication from any third Person alleging that the consent of such third Person is or may be required in connection with the transactions contemplated by this Agreement, and

(b) any material default under any Transferred Agreement or Governmental Permit or event which, with notice or lapse of time or both, would become such a default on or prior to the Closing Date and of which Seller has knowledge.

6.5 Operations Prior to the Closing.

Except as expressly contemplated by this Agreement or as described in Schedule 6.5,

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(i) Seller shall operate and carry on the Operations only in the ordinary course and substantially as presently operated, and in compliance with all Requirements of Laws, Governmental Orders, and the binding agreements, covenants and restrictions applicable thereto;

(ii) Seller shall keep and maintain the Purchased Assets in reasonably good operating condition and repair (reasonable wear and tear excepted) and, except to the extent specifically agreed to in writing by Buyer, shall use commercially reasonable efforts to maintain the business organization of the Operations intact and to preserve the goodwill of the suppliers, contractors, employees, customers and other Persons having business relations with the Operations to the extent necessary to continue to conduct the Operations and

In furtherance of the foregoing subsection, and without limitation thereof, except as expressly contemplated by this Agreement or except with the express written approval of Buyer, Seller shall

(i) use the Purchased Assets in the usual, regular and ordinary course and in substantially the same manner as heretofore used,

(ii) continue to make payments when due and not slow down those payments as compared to its normal payment procedures and to perform its obligations under the leases, contracts, commitments and other agreements included in the Purchased Assets,

(iii) maintain insurance against loss or damage to the Purchased Assets and such other insurance with respect to the Purchased Assets as has heretofore been maintained,

(iv) not sell, dispose of, encumber or enter into any agreement for the sale, disposition or encumbrance of, all or any part of the Purchased Assets, except in the ordinary course of business consistent with past practice,

(v) with respect to any employee who is or would thereby become Regular Personnel listed on Schedule 7.1, not enter into any employment contract or, except in the ordinary course of business, increase any such employee's compensation or benefits, and

(vi) not enter into any contracts or commitments with respect to the Operations not in the ordinary course of business that involve receipt or payment of more than \$50,000 in the aggregate.

6.6 Government Filings.

Seller and Buyer shall each have filed a pre-merger notification and report form and all documentary attachments thereto to be filed with the United States Federal Trade Commission ("FTC") and the Antitrust Division of the United States Department of Justice ("DOJ") pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder ("HSR Act"). Seller and Buyer shall each pay their respective filing fees required by the HSR Act or otherwise in connection with

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the transactions contemplated by this Section. Seller and Buyer shall file any additional information requested by the FTC, the DOJ or any other Governmental Body in connection with this Agreement or the transactions contemplated hereby as soon as practicable after receipt of any legally valid request for such information. Neither Seller nor Buyer shall unreasonably take or fail to take any action which reasonably could be expected to have the effect of delaying, impairing or impeding the receipt of approval under the HSR Act as contemplated by this Section 6.6, provided, however, that this sentence shall not be construed to require either party to transfer or assign rights or other assets to a third Person.

ARTICLE 7

ADDITIONAL AGREEMENTS

7.1 Employment Matters.

(a) Schedule 7.1 contains: (i) a list of all Regular Personnel who shall be offered employment as New Regular Personnel and (ii) the base salary provided by Seller to any such employees as of the Effective Date. At or prior to Closing, Buyer will offer in writing employment to all individuals who are Regular Personnel and are listed on Schedule 7.1 with salaries, bonus payments, vacation time and other employee benefits and terms and conditions substantially similar to (or in the discretion of Buyer, more favorable than) those that exist for the employment of each Regular Personnel by Seller immediately prior to the Closing. Such employment, if accepted by Regular Personnel, shall become effective immediately on the Closing Date.

(b) Seller shall terminate each of the Regular Personnel who has accepted (and not withdrawn) an offer of employment extended pursuant to Section 7.1(a) above on and as of the Closing Date. Nothing contained in this Section 7.1 is intended or shall be deemed to;

(i) require Buyer to employ New Regular Personnel for any fixed or predetermined time after the Closing as all such employment shall be "at will," or

(ii) confer upon any employee of Seller, past, present, or future, any rights of employment of any nature, it being understood and agreed that the provisions of this Section 7.1 are intended to set forth an agreement among Buyer and Seller, and are not intended to benefit any Persons not party to this Agreement, including such employees.

(c) From the date hereof to the Closing Date, Seller agrees to cooperate with Buyer in recruiting and hiring Regular Personnel who shall be offered employment as New Regular Personnel as contemplated in Section 7.1(a) above.

(d) Buyer and Seller shall offer the New Regular Employees benefits under a employee retention program ("Employee Transition Benefits") identified and described in Exhibit F which is referenced hereto and made part of this Agreement.

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(e) New Regular Personnel shall be employed subject to Buyer's customary compensation and benefit policies, including, but not limited to, bonus policies, overtime, shift premium, paid time off, other similar

policies and vacation policies. Subject to Section 7.1(a) above, Buyer reserves the right, in its sole discretion, to change elements of the employment compensation and benefits provided its employees, including and New Regular Personnel hired pursuant to this Section 7.1.

(f) Notwithstanding anything to the contrary herein, Regular Personnel listed on Schedule 7.1 who, on the Closing Date, are employed in the United States pursuant to a work or training visa shall be offered employment as New Regular Personnel of Buyer at such times, and under such terms and conditions, as Seller and Buyer shall agree. Prospective new employees of the Operations to whom Seller has made offers prior to the Closing, shall be offered employment as New Regular Personnel of Buyer only if Seller and Buyer so agree.

(g) Upon each offer of employment Buyer shall request from New Regular Personnel and provide to Seller a signed release and consent to the transfer by Seller to Buyer of the personnel records of such employee maintained by Seller. Copies of all personnel records of each employee who signs such release and consent shall be transferred by Seller to Buyer as soon as practicable after such release and consent is provided to Seller. With respect to New Regular Personnel who do not sign such release and consent, only the name, Seller employee number, social security number, W-4 income tax withholding form information, current job assignment, current rate of wages or salary, and the amount of service completed with Seller and its subsidiaries shall be transferred. In the event any applicable laws or regulations prohibit or restrict the transfer of personnel information pursuant to this paragraph, the obligations of Seller shall be to transfer only such information as shall be permitted by such laws or regulations.

(h) Seller has undertaken reasonable efforts to complete and retain legally prescribed I-9 employment forms on all New Regular Personnel hired by Seller since the effective date of the requirements to complete such forms. Seller will transfer all such forms to Buyer together with the personnel records transferred pursuant to this paragraph (i).

7.2 Taxes.

Notwithstanding anything to the contrary in Article 10 ("Indemnification") below, and subject to the provisions of Section 2.6 ("Transfer Taxes"), Seller shall be responsible for and pay all Taxes of Seller, the Operations or the Purchased Assets arising at any time with respect to periods ending on or prior to the Closing Date, including the portion of real, personal or other property Taxes attributable to such periods and all such Taxes shall constitute Retained Liabilities.

To the extent relevant to the Purchased Assets and the Operations, Seller shall:

provide Buyer, at Buyer's expense, with such assistance as may reasonably be required in connection with the preparation of any Buyer's Tax Return and the conduct of any audit or other examination by any taxing authority relating or pertaining to any and all Taxes

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attributable to or levied upon the Operations and/or the Purchased Assets after the Closing or in connection with judicial or administrative proceedings relating to any liability for Taxes attributable to or levied upon the Operation and/or the Purchased Assets after the Closing.

7.3 Bulk Sale.

Buyer and Seller hereby waive compliance with any applicable bulk sale laws in connection with the transactions contemplated by this Agreement.

7.4 Non-Solicitation.

Seller and Buyer each agree, for a period of thirty (30) months after the Closing Date, that it shall not solicit, any employees of the other party or other party's Affiliates to work for Seller or Buyer, as the case may be, or its Affiliates, in any capacity, without the prior written consent of the other party.

7.5 Inspection of Leased Facility.

Seller shall permit, on reasonable notice from Buyer at reasonable times, Buyer and its agents, contractors and consultants to enter the real property of Seller where the Leased Facility is located for the purpose of conducting such inspections, testing, and evaluation of any matter concerning the physical condition of the Leased Facility (including, without limitation, the structural, operating and roof systems thereof, and the determination of the presence or absence of termites, dry rot, fungi, wood destroying organisms or Hazardous Material at or on the Leased Facility, or the soil, groundwater, surface water, air or building materials thereof) as Buyer may reasonably elect to investigate; provided, however, that any such investigation shall be subject to Buyer's compliance with the confidentiality provisions of this Agreement and any procedures regarding safety and security designated by Seller. Buyer shall pay the cost of such inspections and indemnify and hold harmless the Seller from any property damage or bodily injury arising out of the negligent conduct of such inspections; provided, however, that in no event shall Buyer be liable for any condition present on the Leased Facility prior to entry by Buyer or its agents, contractors or consultants thereon.

7.6 Transition Services.

For a period of not more than Eight (8) months after the Closing date, Seller will provide Buyer the services described in Exhibit E ("Description of Transition Services").

7.7 Publicity.

Seller and Buyer agree that they will collaborate on a mutually beneficial press release concerning the transactions contemplated by this Agreement. The parties shall advise and confer with each other prior to the issuance of any reports, statements or releases pertaining to the matters contemplated by this Agreement. Each party agrees not to issue any press release or public statement with respect to the matters contemplated by this Agreement without the consent of the other Party except as required by law and after reasonable

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consultation with the other party. Either party may disclose, under confidentiality and use restrictions, such terms of this Agreement as only reasonably necessary to disclose for purposes of seeking financing, bank credit or the like. Both parties shall remain free to disclose the existence of this Agreement. To the extent reasonably required, Buyer and Seller may disclose limited information concerning this Agreement to third parties whose consent is necessary in order to terminate or assign the Transferred Agreements.

7.8 Confidentiality

Buyer and Seller previously entered into a Nondisclosure Agreement dated December 3, 1998 (the "NDA"). The NDA is hereby incorporated by reference into and made a part of this Agreement, and will remain in full force and effect following execution of this Agreement.

ARTICLE 8

CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER

The obligations of Buyer under this Agreement shall be subject, at the option of Buyer, to the satisfaction, on or prior to the Closing Date, of the following conditions.

8.1 No Misrepresentation or Breach of Covenants and Warranties.

Each of the representations and warranties of Seller contained or referred to herein and in the Additional Agreements shall be true and correct in all material respects on the Closing Date as though made on the Closing Date; Seller shall have complied with and not otherwise breached the covenants set forth herein; and there shall have been delivered to Buyer a

certificate to such effect, dated the Closing Date, signed on behalf of Seller.

8.2 No Restraint or Litigation.

No action, suit, investigation or proceeding shall have been instituted or overtly threatened to restrain or prohibit or otherwise challenge the legality or validity of the transactions contemplated hereby.

8.3 Necessary Approvals.

The parties shall have received the consent of all Persons necessary to consummate the transactions contemplated hereby, which are either specified in Schedule 4 or contemplated by Section 6.6 ("Government Filings") hereof.

8.4 Employees.

The key employees on Schedule 7.1 mutually identified by Buyer and Seller shall have accepted (and not withdrawn) offers of employment by Buyer extended as contemplated by Section 7.1 ("Employment Matters") hereof.

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8.5 Additional Agreements.

Each of the Additional Agreements shall have been duly executed by Seller or its Affiliates and shall be in full force and effect.

8.6 No Material Adverse Change.

There shall have been no material adverse change with respect to the Purchased Assets or the Operations.

ARTICLE 9

CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER

The obligations of Seller under this Agreement shall be subject, at the option of Seller, to the satisfaction, on or prior to the Closing, of the following conditions:

9.1 No Misrepresentation or Breach of Covenants and Warranties.

Each of the representations and warranties of Buyer contained or referred to in this Agreement and the Additional Agreements shall be true and correct in all material respects on the Closing Date as though made on the Closing Date; Buyer shall have complied with and not otherwise breached the covenants set forth herein; and there shall have been delivered to Seller a certificate or certificates to such effect, dated the Closing Date and signed on behalf of Buyer by the President or any Vice President of Buyer.

9.2 No Restraint or Litigation.

No action, suit, investigation or proceeding shall have been instituted or overtly threatened to restrain, prohibit or otherwise challenge the legality or validity of the transactions contemplated hereby.

9.3 Necessary Approvals.

The parties shall have received the consent of all Persons necessary to consummate the transactions contemplated hereby, which are either specified in Schedule 4 or contemplated by Section 6.6 ("Government Filings") hereof.

9.4 Additional Agreements.

Each of the Additional Agreements shall have been duly executed by Buyer or its Affiliates and shall be in full force and effect.

9.5 No Material Adverse Change.

There shall have been no material adverse change with respect to Buyer's business, operating results or financial condition.

ARTICLE 10

INDEMNIFICATION

10.1 Indemnification by Seller; Seller Liability.

Seller agrees to indemnify and hold harmless Buyer from and against any and all Losses incurred by Buyer in connection with or arising from:

- (a) any breach by Seller of any of its covenants in this Agreement;
- (b) any breach of any warranty or the inaccuracy of any representation of Seller contained or referred to in this Agreement or any certificate delivered by or on behalf of Seller pursuant hereto; and
- (c) the Retained Liabilities.

The indemnification provided for in Section 10.1(a) and 10.1(c) shall not terminate. The indemnification provided for in Section 10.1(b) shall terminate one (1) year after the Closing Date and no claims shall be made by Buyer under this Section 10.1(b) thereafter, except that the indemnification by Seller shall continue as to any Loss of which Buyer has notified Seller, including the general circumstances giving rise thereto, in accordance with the requirements of Section 10.3 ("Notice of Claims") on or prior to the date such indemnification would otherwise terminate in accordance with this Section 10.1, as to which the obligation of Seller shall continue until the liability of Seller shall have been determined pursuant to this Article 10, and Seller shall, if required to do so under a final judgement of a court or final decision of an arbitrator have reimbursed Buyer for the full amount of such Loss in accordance with this Article 10, provided however, that Seller shall only have liability under this Section 10.1 once the aggregate of all Losses exceeds [*] and thereafter, only if the amount of Loss arising from the same or single set of circumstances is in excess of [*].

In addition to the foregoing, Buyer and Seller agree that Seller shall only have liability under this Agreement once the aggregate of all Losses for which Seller is liable to Buyer exceeds [*] and thereafter, only if the amount of Loss arising from the same or single set of circumstances for which Seller is liable to Buyer is in excess of [*] provided, however, that this sentence shall not apply to a claim by Buyer against Seller that arises from any adjustment of the purchase price as described in Section 2.5(a).

10.2 Indemnification by Buyer.

Buyer agrees to indemnify and hold harmless Seller from and against any and all Losses incurred by Seller in connection with or arising from:

[*]-CERTAIN INFORMATION AS INDICATED ON THIS PAGE HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

- (a) any breach by Buyer of any of its covenants in this Agreement;
- (b) any breach of any warranty or the inaccuracy of any representation of Buyer contained or referred to in this Agreement or any certificate delivered by or on behalf of Buyer pursuant hereto; and
- (c) the Assumed Liabilities;
- (d) claims for which Buyer is required to indemnify Seller under Section 7.1(f) hereof; and
- (e) the use of the Purchased Assets, the conduct of the Operations or the

use of the Leased Facility from and after the Closing Date.

The indemnification provided for in Section 10.2(a), 10.2(c), 10.2(d), and 10.2(e) shall not terminate. The indemnification provided for in Section 10.2(b) shall terminate one (1) year after the Closing Date, and no claims shall be made by Seller under Section 10.2(b) thereafter, except that the indemnification by Buyer shall continue as to any Loss or Expense of which Seller has notified Buyer in accordance with the requirements of Section 10.3 on or prior to the date such indemnification would otherwise terminate in accordance with this Section 10.2, as to which the obligation of Buyer shall continue until the liability of Buyer shall have been determined pursuant to this Article 10, and Buyer shall have reimbursed Seller for the full amount of such Loss in accordance with this Article 10.

10.3 Notice of Claims.

Buyer or Seller (the "Indemnified Party") seeking indemnification hereunder shall give to the party obligated to provide indemnification to such Indemnified Party (the "Indemnitor") a notice (a "Claim Notice") describing in reasonable detail the facts then known with respect to such claim for indemnification hereunder and shall include in such Claim Notice the amount of such claim (to the extent then known), and a reference to the provision of this Agreement or any other Additional Agreement, executed hereunder or in connection herewith upon which such claim is based; provided, however, that a Claim Notice in respect of any action at law or suit in equity by or against a third Person as to which indemnification will be sought shall be given promptly after the action or suit is commenced; and provided, further, that failure to give such notice shall not relieve the Indemnitor of its obligations hereunder except to the extent it shall have been materially prejudiced by such failure.

After delivery of any Claim Notice pursuant hereto, the amount of indemnification to which an Indemnified Party shall be entitled under this Article 10 shall be determined in accordance with the dispute resolution mechanism set forth in Section 12.12 hereto.

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10.4 Third Party Claims.

The Indemnitor shall have the right to conduct and control, through counsel of its choosing, the defense, compromise or settlement of any third Person claim, action or suit against any Indemnified Party as to which indemnification will be sought by such Indemnified Party from any Indemnitor hereunder, and in any such case the Indemnified Party shall cooperate in connection therewith and shall furnish such records, information and testimony and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested by the Indemnitor in connection therewith; provided, that the Indemnified Party may participate, through counsel chosen by it and at its own expense, in the defense of any such claim, action or suit as to which the Indemnitor has so elected to conduct and control the defense thereof. So long as the Indemnitor is defending in good faith any third Person claim as to which indemnification has been sought hereunder, the Indemnified Party shall not settle or compromise such third Person claim without Indemnitor's prior written consent.

10.5 Environmental Indemnification by Seller.

(a) Indemnification. Notwithstanding anything to the contrary in this Agreement, Seller agrees to indemnify and hold harmless Buyer from and against any and all Pre-Existing Environmental Liabilities.

(b) Adequate Protection From Loss. Seller acknowledges that its obligations under the foregoing Section 10.5 (a) shall arise upon the service or filing of an action or proceeding regarding any Losses for which Seller is liable under this indemnity, and not merely upon the realization by an Indemnified Party of an actual loss; and, therefore, Seller agrees, within fifteen (15) days following receipt of a written notice regarding the service or filing of such action or proceeding to indemnify and hold harmless the Indemnified Party from such Losses. If it is determined that the subject Losses, or some portion of them, pertain to circumstances first occurring after the

Closing Date that are subject to Section 10.6 hereof, Buyer shall promptly refund to Seller on an equitable prorata basis the Losses Seller incurred in providing indemnity and hold harmless protection.

(c) Waiver by Seller. To the extent permitted by applicable Law, Seller, on behalf of itself and its Successors (other than Buyer), after consultation with counsel, hereby waives (i) any and all rights to join Buyer and its Successors in any litigation or proceeding to the extent, but only to the extent arising out of or in connection with any Pre-Existing Environmental Liabilities; and (ii) any and all Losses which any of them may have in respect to any Pre-Existing Environmental Liabilities.

(d) Survival. It is expressly acknowledged by Seller that the acts, omissions, breach of any covenant in this Agreement or in any Additional Agreement, or violation of environmental Laws by Buyer and/or Successors (whether active, passive, negligent, wrongful or in violation of any agreement) shall not impair the right of any of such Persons (including the Person acting or omitting the act) to enforce Seller's indemnification

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obligations pursuant to this Section 10.5. The obligations and rights of the parties under this Section 10.5 are in addition to, independent from, and severable from the rights and obligations of the parties under this Agreement or any other agreement between them and shall survive, notwithstanding the termination, expiration or breach of such agreements or any other agreement between any of the parties hereto and notwithstanding any other act or omissions of the parties, whether or not such acts are in violation of the express provisions of this Agreement or applicable Requirements of Laws.

10.6 Environmental Indemnification by Buyer.

(a) Indemnification. Buyer agrees to indemnify and hold harmless Seller from and against any and all Losses incurred to the extent caused by or arising out of any of the following liabilities which are not otherwise Pre-Existing Environmental Liabilities ("Buyer Environmental Liabilities"):

(i) the presence of Contamination as a consequence of the Release after the Closing Date of Hazardous Material by Buyer or any of Buyer's agents, employees or contractors on or about the Leased Facility or the Operations on or about the Leased Facility after the Closing Date.

(ii) any Hazardous Material Activity or Remediation Activity on the Leased Facility after the Closing Date.

(iii) the exposure after the Closing Date of any employee of any Seller or any other Person to any Contamination described in sub-part (i) above, at any time, to any Hazardous Material in the course of or a consequence of any Hazardous Material Activity conducted on or about the Leased facility after the Closing Date.

(b) Adequate Protection From Loss. Buyer acknowledges that its obligations under the foregoing Section 10.6 (a) shall arise upon the service or filing of any action or proceeding for which Buyer is liable under this indemnity, and not merely upon the realization by the Indemnified Party of an actual loss; and, therefore, Buyer agrees, within fifteen (15) days following receipt of a written notice regarding the service or filing of such action or proceeding indemnify and hold harmless the Indemnified Party. If it is determined that the subject Losses, or some portion of them, pertain to circumstances first occurring prior to the Closing Date, that are subject to the provisions of Section 10.5 hereof, Seller shall promptly refund to Buyer on an equitable prorata basis, the Losses Buyer incurred in providing indemnity and hold harmless protection.

(c) Waiver by Buyer. To the extent permitted by applicable law, Buyer, on behalf of itself and its Successors, after consultation with counsel, hereby waives any and all rights to join Seller and their Successors in any litigation or proceeding to the extent, but only to the extent, arising out of or in connection with any Buyer Environmental Liabilities; and any and all Losses which any of them may have with respect to any Buyer Environmental Liability to which Seller did not exacerbate or contribute.

(d) Survival. It is expressly acknowledged by Buyer that the acts, omissions, breach of any covenant in this Agreement or in any Additional Agreement, or violation of Environmental Laws by Seller and/or its respective Successors (whether active, passive, negligent, wrongful or in violation of any agreement) shall not impair the right of any such Persons (including the Person acting or omitting to act) to enforce Buyer's indemnification obligations pursuant to this Section 10.6. The obligations and rights of the parties under this Section 10.6 are in addition to, independent from, and severable from the rights and obligations of the parties under this Agreement or in any Additional Agreement between them and shall survive, notwithstanding the termination, expiration or breach of such agreements between any of the parties hereto and notwithstanding any other act or omission of the parties, whether or not such acts are in violation of the express provisions of this Agreement, any Additional Agreement or Requirements of Laws.

10.7 Special Understanding Regarding Pre-Existing Lead in the Exhaust System.

Seller acknowledges the presence of a Hazardous Material within the Leased Facility as more particularly described in Subsection 4.11 of Schedule 4 ("Pre-Existing Lead in the Exhaust System"). With respect and only with respect to such Pre-Existing Lead in the Exhaust System, Trimble and Solectron agree that:

(a) Pre-Existing Lead in the Exhaust System existing at the Closing Date shall be deemed a Pre-Existing Environmental Liability; and

(b) Any further accretion or deposit of lead in the affected exhaust system occurring after the Closing Date shall be deemed a Pre-Existing Environmental Liability to the extent that such further accretion or deposit occurs both (i) in the regular course of Buyer's manufacture of Seller's products after the Closing Date under the Supply Agreement, AND (ii) in the substantially the same manner and at the substantially the same rate (or a lower rate) as occurred before the Closing Date.

ARTICLE 11

TERMINATION

11.1 Termination.

Notwithstanding anything in this Agreement to the contrary, this Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of Buyer and Seller;

(b) by either party if the other party fails to satisfy the conditions to Closing required under this Agreement through no fault of such other party;

(c) by Buyer in the event of any material breach by Seller of any of the representations, warranties, covenants or agreements of Seller contained herein and the failure of Seller to cure such breach within fifteen (15) days after receipt of notice from Buyer requesting such breach to be cured; or

(d) by Seller in the event of any material breach by Buyer of any of Buyer's representations, warranties, covenants or agreements contained herein and the failure of Buyer to cure such breach within fifteen (15) days after receipt of notice from Seller requesting such breach to be cured.

11.2 Notice of Termination.

Any party desiring to terminate this Agreement pursuant to Section 11.1 ("Termination") above shall give notice of such termination to the other parties

to this Agreement.

11.3 Effect of Termination.

In the event that this Agreement shall be terminated pursuant to this Article 11, all further obligations of the parties under this Agreement (other than Sections 12.2 ("Notice"), 12.8 ("Expenses"), 12.11 ("Governing Law") and 12.12 ("Dispute Resolution") shall be terminated, provided that nothing herein shall relieve any party from liability for its breach of this Agreement.

ARTICLE 12

GENERAL PROVISIONS

12.1 Survival of Obligations.

All representations, warranties, covenants and obligations contained in this Agreement shall survive the consummation of the transactions contemplated by this Agreement. The respective representations and warranties of each party hereto contained herein shall not be deemed waived or otherwise affected by any investigation made by the other party hereto and shall survive the Closing Date.

12.2 Notice

All notices, requests and other communications permitted or required to be given pursuant to this Agreement shall be in writing and shall be sent by either recognized delivery service or certified or registered mail, return receipt requested and with all postage prepaid, to the recipient party at its address set forth below:

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If to Solectron:

Solectron Corporation
847 Gibraltar Drive, Building 5
Milpitas, CA 95035
Attention: Chief Financial Officer and Legal Department
Facsimile: (408) 956-6059

If to Trimble:

Trimble Navigation Limited
645 North Mary Avenue
Sunnyvale, CA 94088-3642
Attention: Chief Financial Officer and Legal Department

Each such notice shall be effective upon delivery or when delivery is refused. Either party may, by notice given in accordance herewith, designate another address for receipt of notice.

12.3 Successors and Assigns.

Neither party shall directly or indirectly assign, sell, subcontract or otherwise transfer this Agreement or any of its rights or obligations under this Agreement without the prior written consent of the other party, except as permitted in this Section. Either party may, without the prior notice to or written consent of the other party, assign or transfer this Agreement as part of a corporate reorganization, consolidation, merger, sale of substantially all of its assets or any other similar corporate transaction in which fifty percent (50%) or more of a party's equity securities or fifty percent (50%) or more of a party's shareholders' voting power, are transferred, sold or exchanged, provided that the Successor assumes all of the assigning party's obligations under this Agreement.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and permitted assigns. Nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon any Person other than the parties and successors and assigns permitted by this Section 12.3 any right, remedy or claim under or by reason of this Agreement.

12.4 Access to Records After Closing Date.

In the event that buyer reasonably requires records of Seller after the Closing Date, the parties agree to meet and discuss same.

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12.5 Entire Agreements; Amendments.

This Agreement and the exhibits and schedules referred to herein and the documents delivered pursuant hereto contain the entire understanding of the parties hereto with regard to the subject matter contained herein or therein, and supersede all prior agreements or understanding between or among any of the parties hereto including without limitation the Letter of Intent between the Parties dated April 9, 1999 and the Letter of Intent between the Parties dated July 23, 1999. This Agreement shall not be amended, modified or supplemented except by a written instrument signed by an authorized representative of each of the parties hereto.

12.6 Interpretation.

Article titles and headings to 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. The schedules referred to herein shall be construed with and as an integral part of this Agreement to the same extent as if they were set forth verbatim herein.

12.7 Waivers.

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

12.8 Expenses.

Except as otherwise expressly agreed to in writing by the parties and subject to Section 6.6 hereof, each party hereto will pay all Expenses incident to its negotiation and preparation of this Agreement and to its performance and compliance with all agreements and conditions contained herein on its part to be performed or complied with.

12.9 Partial Invalidity.

Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or unenforceability without invalidating the remainder of such invalid, illegal or

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unenforceable provision or provisions or any other provisions hereof, unless such a construction would be unreasonable.

12.10 Governing Law.

This Agreement shall be governed by and the legal relations between the parties shall be determined in accordance with the substantive laws of the State of California, without regard to the conflicts of law principles of the State of California.

12.11 Dispute Resolution.

Except for the right of either Party to apply to a court of competent jurisdiction for a temporary restraining order, a preliminary injunction, or other equitable relief pending further action by the arbitrators, all claims or disputes related to or arising from this Agreement or the commercial relationship of the parties that are not resolved by negotiation and mutual agreement shall be submitted to final and binding arbitration before JAMS/ENDISPUTE, or its successor, for arbitration in Santa Clara County, California pursuant to the United States Arbitration Act, 9 U.S.C. ss.1 et seq., unless the parties mutually agree otherwise. Either Party may commence the arbitration process by filing a written demand for arbitration with JAMS/ENDISPUTE, with a copy to the other Party. The arbitration will be conducted in accordance with the provisions of JAMS/ENDISPUTE's Streamlined Arbitration Rules and Procedures in effect at the time of filing of the demand for arbitration. Each Party will select an arbitrator from JAMS/ENDISPUTE's panel of neutrals and together the selected arbitrators shall mutually agree on a third arbitrator. The parties covenant that they shall participate in the arbitration in good faith, and that they shall share equally in its costs, except for attorneys' fees and expenses of witnesses which shall be borne by the Party incurring the fees or producing the witness. The arbitration award shall be in writing and shall specify the factual and legal bases of such award. The arbitration award shall be final and binding, and judgment thereon may be entered by any court of competent jurisdiction. The parties agree that the arbitration award shall be treated confidentially, and the parties shall not, except as otherwise required by law or court order or to enable its entry or enforcement as a judgment, disclose the arbitration award to any third Party, excluding personnel in their Affiliates and their attorneys and accountants with a need to know, provided that such recipients agree to be bound by the same restrictions as are contained in this Agreement. The arbitrator shall not have the power to render an award of punitive, exemplary or treble damages. To the extent of any conflict, this provisions of this Agreement shall supersede and control any JAMS/ENDISPUTE rules. The provisions of this Section 12.11 may be enforced by any court of competent jurisdiction, and the prevailing Party in such enforcement action shall recover from the other Party its costs, reasonable attorney fees and expenses, from the other Party.

12.12 Counterparts.

This Agreement may be executed in two (2) or more counterparts, each of which will be deemed an original and when taken together shall constitute a single fully-signed original, regardless whether the parties' signatures appear together on the same document or separately on one or more counterparts.

IN WITNESS WHEREOF, the parties hereto have caused this Asset Purchase Agreement to be executed on the date first above written.

SOLETRON CORPORATION

By:

Name:

Title:

SOLETRON FEDERAL SYSTEMS, INC.

By:

Name:

Title:

TRIMBLE NAVIGATION LIMITED

By:

Name:

Title:

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EXHIBIT D
Purchase Price Allocation

1. Tangible Assets	
[*]	[*]
[*]	[*]
[*]	[*]
[*]	[*]
2. Intangible Assets	
[*]	[*]
[*]	[*]
[*]	[*]
Total Purchase Price	\$27,924,321.78

[*]-CERTAIN INFORMATION AS INDICATED ON THIS PAGE HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

EXHIBIT E
Transitional Services Agreement

1. TRANSITIONAL SUPPORT SERVICES

The Parties agree that during the period of time that Solectron produces products at Trimble's Sunnyvale, California facility ("Transition Period"), and in connection with the sublease agreements attached to the Asset Purchase Agreement as Exhibit A (the "Sublease Agreements"), Trimble shall perform the transitional support services as described below.

2. SUBLEASE, AND FACILITIES SERVICES

2.1. Sublease

Trimble will sublease to Solectron and Solectron will sublease from Trimble a total of 55,121 square feet, more or less of the manufacturing-related areas in Buildings 6, 6X, 8 and 10, in accordance with the terms and conditions of the Sublease Agreements. In the event of any conflict between the terms of the Sublease Agreements executed by the Parties and this Section 2, the terms of the Subleases shall be controlling.

2.2. Facilities Services

Trimble shall provide the following services ("Facilities Services") (i) during the Transition Period; (ii) in substantially the same manner as Trimble provides the same or like services to itself of its employees; and (iii) at no

additional charge to Solectron:

- 2.2.1 Use of the existing restroom, break- or lunch-room, and conference room facilities;
- 2.2.2 Facilities maintenance, including janitorial, general building and grounds maintenance, and heating, ventilation and air conditioning (HVAC) maintenance in accordance with Sublease Agreements terms;
- 2.2.3 Utilities and depreciation, in accordance with Sublease Agreements terms;
- 2.2.4 Personal property taxes;
- 2.2.5 Coffee and bottled water support and supplies in the break- and lunch-rooms;
- 2.2.6 Paper and battery recycling;
- 2.2.7 Ergonomic evaluation of work space and furniture as requested by Solectron; except that any special furniture or equipment purchased, will be purchased at Solectron's sole cost and will become the property of Solectron;
- 2.2.8 Use of installed telephone lines and network cabling infrastructure,

in accordance with Sublease Agreements terms;
- 2.2.9 Security guard services;
- 2.2.10 use of copiers with Solectron's prorated usage of photocopiers solely used by Solectron allocated to the Solectron Department(s);
- 2.2.11 Paper shredding services; and
- 2.2.12 Use of common area parking facilities shared with Trimble employees on a "first come first serve" basis.

2.3. Excluded Services

The Facilities Services shall not include the following services ("Excluded Services"), for which Solectron shall be solely responsible.

- 2.3.1 Modifications to existing facilities;
- 2.3.2 Replacements of, or modifications to HVAC or other fixtures or facilities equipment required by Solectron to meet its expanded needs;
- 2.3.3 Long distance telephone calls, and costs of Solectron's pro-rata share of voicemail lines/800 lines/and other "common" telecom services in accordance with Sublease Agreements;
- 2.3.4 Adding, moving, and changes to telephone phone and network cabling system infrastructure done by Trimble employees or contractors;
- 2.3.5 Additional furniture and/or equipment requested by Solectron employees;
- 2.3.6 Office supplies;
- 2.3.7 Moving or changing Solectron employees either onsite (Sunnyvale) or offsite;
- 2.3.8 Special ergonomic furniture or equipment purchased

for Solectron employees; and

2.3.9 Any other services not expressly included in paragraph 2.2.

3. IS SUPPORT SERVICES

In addition to the Facilities Services described above, Solectron and Trimble shall each provide its information services support ("IS Support Services") as described below.

3.1 Network

Solectron will, at its cost, provide a T1 network line from its Milpitas campus to Trimble's facility at 930 Benicia Avenue in Sunnyvale, California, and such routers as are reasonably necessary to set up their own network infrastructure and email during the Transition Period. Trimble will provide reasonable access to Solectron for its performance of its obligations under this paragraph 3.1. Solectron will permit Trimble to install such security devices as Trimble deems necessary, in Trimble's

business judgment, to maintain the confidentiality of its Proprietary Information.

3.2 CA/MANMAN Setup and Support

3.2.1 Trimble will set up a separate database on a Computer Associates' MANMAN platform ("DB8"). Trimble has or will procure for Solectron a six (6) month license, beginning upon Closing, for Solectron to use DB8 on site in Sunnyvale for all their materials requirements planning, production floor transactions and inventory receipt, subject to the terms of an end user license agreement that Trimble will provide to Solectron upon request. Upon the conclusion of the 6-month period, Solectron must obtain its own license to use the Computer Associates MANMAN software. Except as expressly provided in this paragraph 3.2.1, DB8 will not support any financial transaction or other capabilities.

3.2.2 Such server system administration support shall include (i) monitoring back-ups, (ii) administering user accounts and privileges, (iii) maintaining databases, and (iv) such other services as the Parties may agree.

3.2.3 Trimble will provide between twenty (20) and forty (40) hours per week of ongoing MANMAN application support at the rate of [*] during the Transition Period. Such applications support shall only include, and Trimble shall only be responsible for supporting, Solectron's critical business processes in the MANMAN environment. Solectron will be responsible for any additional services including, but not limited to customer report requests. From time to time, changes may be required to the MANMAN system. Trimble will make reasonable efforts to communicate and coordinate required changes to SLR, which may include scheduled system downtime. Any modifications to MANMAN code can and will be initiated by Trimble only. It is expected that Solectron will adapt to any changes or upgrades that Trimble makes to the MANMAN environment. In addition, the Solectron MANMAN database/application will not have access to a development/test environment.

3.2.4 Trimble will provide ongoing support for other production floor related applications residing in the

UNIX server MFGDBM1 at the rate of [*] during the Transition Period.

- 3.2.5 Solectron shall be responsible for maintaining and supporting all personal computers, NT servers, printers, desktop applications and any other network devices used by Solectron employees on site in Sunnyvale.
- 3.2.6 Trimble and Solectron may, at a later time and in each Party's discretion, identify additional services, which Trimble will provide under commercially reasonable terms and conditions.
- 3.2.7 Solectron shall be responsible for ensuring Y2K compliance of any acquisition-specific reports or applications.

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3.3 Other Applications

3.3.1 Cognos/Impromptu.

Trimble has or will procure for Solectron a license, beginning upon Closing, for Solectron to use the following three (3) Cognos catalogues during the Transition Period: QDC, PQM and SMT (file names QDC1.cat, SMT1.cat and PQM1.cat)

3.3.2 Manugistics/ Supply/C.

Trimble has or will procure for Solectron a license for four (4) seats of Manugistics software (2 management seats, 2 power user seats) for Solectron's use for six (6) months following Closing. Trimble will extract data from a MANMAN format and import the data to the Manugistics platform. At the end of the 6-month period, Solectron will be responsible for procuring its own license agreement with Manugistics.

3.3.3 Microsoft/Office and other Microsoft Applications.

Trimble will retain all Microsoft licenses from the transitioning employees. Solectron will obtain licenses for its employees on site in Sunnyvale.

4. SHARED PERSONNEL RESOURCES

The Parties acknowledge that there are a number of open requisitions for employee positions designated to be transferred to Solectron. Some of the positions are currently filled by Trimble employees while the recruiting process is taking place. In the event that the positions are not filled by the Effective Date, and those unfilled positions are critical to the operations contemplated under the terms of the Parties' Agreement, Trimble will continue to provide such employee resources (i) without additional charge for a period of thirty (30) days after the Effective Date of the Supply Agreement; (ii) at a rate of [*] after the Effective Dated of the Supply Agreement; and (iii) thereafter Trimble will charge Solectron at a rate of [*].

5. SHARED PRODUCTION EQUIPMENT

Trimble currently owns and shall continue to be own certain equipment

described on Attachment E-1 to this Exhibit E ("Production Equipment"). During the Transition Period, Trimble will permit Solectron to use the Production Equipment in Solectron's performance of its obligations under the Supply Agreement. Solectron's use of the Production Equipment shall be at the times and in the manner reasonably agreed to by Trimble in its sole and absolute discretion consistent with the intentions of the Parties expressed above.

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EXHIBIT G

Inventory

1.0 General

Seller shall deliver and consign to Buyer at Closing all Inventory listed on Schedule 2.1(b) hereto. Buyer shall purchase such Inventory as provided below. Buyer will bear all risk of loss to the Inventory while it is in Buyer's possession and will use appropriate storage methods to maintain the Inventory in good condition.

2.0 Inventory Consumption

Beginning on the Closing Date, Buyer shall use the items in the Inventory to the extent required to perform its services under the Supply Agreement (the "Services"). Title to such Inventory items so used ("Consumed Inventory") will pass from Seller to Buyer, and Consumed Inventory will be deemed Purchased Assets, immediately upon Buyer's use of Consumed Inventory. On or before August 30, 1999, Buyer shall (i) furnish to Trimble an accounting of the Consumed Inventory, and (ii) remit to Trimble payment in cash for the Consumed Inventory at the prices provided in Schedule 2.1(b).

3.0 Inventory Purchase

On August 30, 1999, Buyer shall (i) purchase from Seller any Inventory not previously used in Buyer's performance of Services as described below ("Remaining Inventory"); and (ii) remit to Trimble payment in cash for the Consumed Inventory at the prices provided in Schedule 2.1(b), by wire transfer of immediately available funds to the bank account designated by Seller. Title to the Remaining Inventory shall pass to Buyer, and the Remaining Inventory shall be deemed Purchased Assets, immediately upon such payment.

4.0 Security

Buyer shall, at Closing, furnish to Seller an irrevocable letter of credit, in a form and drawn from a bank reasonably satisfactory to Seller, in the amount of [*], to secure timely payment of Buyer's obligations under this Exhibit G.

5.0 Miscellaneous

Although Buyer may, for administrative convenience, issue purchase orders to Seller for the Inventory, any terms, conditions or information appearing on or accompanying any purchase order shall be of no effect unless Seller expressly agrees otherwise in a separate, signed writing.

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TRIMBLE
NAVIGATION
LIMITED

SOLECTRON
FEDERAL SYSTEMS, INC.
and
SOLECTRON CORPORATION

Supply Agreement

Dated Effective
August 13, 1999

TRIMBLE NAVIGATION
LIMITED

SOLECTRON FEDERAL SYSTEM, INC.
and
SOLECTRON CORPORATION

Supply Agreement
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Exhibits Appended

LIST OF EXHIBITS

Exhibit 1.2 - Ancillary Technology [not submitted in filing]

- Exhibit 1.20 - Products [not submitted in filing]
- Exhibit 1.33 - Weighted Average Actual Price Description [not submitted in filing]
- Exhibit 5.6 - Manufacturing Support Services
- Exhibit 5.8 - Protected Employees [not submitted in filing]
- Exhibit 8.2 - Order Flexibility, Forecast and Lead Time [not submitted in filing]
- Exhibit 12.1 - Pricing Model [not submitted in filing]
- Exhibit 13.3 - Monthly Operational Reporting [not submitted in filing]
- Exhibits 14 - Prototypes [not submitted in filing]
- Exhibit 15.1 - Quality Improvement and Corrective Action Plans [not submitted in filing]

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SUPPLY AGREEMENT

THIS SUPPLY AGREEMENT is made and entered into effective August 13, 1999 ("Effective Date"), by and between Solectron Federal System, Inc., a Delaware corporation, Solectron Corporation, a Delaware corporation (jointly and severally "Solectron"), and Trimble Navigation Limited, a California corporation ("Trimble") (each a "Party" and collectively the "Parties").

RECITALS

- A. Trimble is and has been engaged in the business, among others, of the development, manufacture, marketing and sale of various global positioning system products for various markets worldwide.
- B. Solectron is and has been engaged in the business, among others, of manufacturing its customers' products on a contract basis.
- C. The Parties intend by this Agreement to provide for Solectron to manufacture certain of Trimble's products.

NOW, THEREFORE, the Parties, intending to be legally bound, agree as follows:

Agreement

1. DEFINITIONS

In addition to the definitions appearing elsewhere in this Agreement, the following words and phrases shall have the meanings indicated:

- 1.1. "Affiliates" shall mean those corporations or other entities which directly or indirectly own or control either Party to this Agreement and their respective Subsidiaries.
- 1.2. "Ancillary Technology" shall mean all test programs, tooling, fixtures, and other items provided to Solectron by Trimble as described on Exhibit 1.2.
- 1.3. "Create" when used with reference to Proprietary Information means to conceive, make, develop, reduce to practice, author, or otherwise materially and substantially contribute to the existence of such Proprietary Information, such that the Proprietary Information that results can be fairly and reasonably attributed in whole or in material part to such contribution. Other forms of the word "Create" (e.g., Created, Creation, etc.) shall have substantially the same meaning as required by the context.

Proprietary Information that is "Created Jointly" shall apply to all Proprietary Information that (i) qualifies for patent protection in any jurisdiction under which jurisdiction's laws the signature or cooperation or identification of more than one Party or their respective employee(s), agent(s) or contractor(s), as an inventor, is appropriate or required, or must or should be sought or made in connection with any related application, to obtain such protection, or (ii) was Created in whole or in material part by

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employee(s), agent(s) or contractor(s) of both Parties acting in concert or cooperation.

- 1.4. "Delivery Leadtime" shall mean the number of days between the date a purchase order is delivered by Trimble to Solectron and the date the relevant Product is delivered to the appropriate delivery location.
- 1.5. "Derivative" shall mean (i) for copyrightable or copyrighted material, any translation, abridgment, revision or other form in which an existing work may be recast, transformed or adapted; (ii) for patentable or patented material, any improvement thereon; and (iii) for material which is protected by or is a Trade Secret or is otherwise Proprietary Information, any new material derived from such existing Trade Secret material or Proprietary Information, including but not limited to new material which may be protected by copyright, patent or Trade Secret. 2.2.
- 1.6. "Design Specification" shall mean all or any part of a description of a Product's physical, functional or technical elements, attributes, requirements or performance, related to or used in its design, manufacture, testing, operation and repair, whether in human, machine-readable or other form. Without limiting the foregoing, a "Design Specification" may include, without limitation, bills of materials; schematic diagrams, approved vendor lists, parts, general and special fabrication and assembly drawings and procedures; computer aided design and manufacturing files; unique material specification control drawings; manufacturing materials and chemistry; test procedures, software and equipment; component and other source control drawings; quality plans including source inspection procedures, yield targets and process audit plans; mechanical models; standard assemblies; estimated process flows and times; assembly fixtures and special tools and drawings.
- 1.7. "Disclose" shall mean to use, deliver, communicate or provide, or to use or benefit in any way or form including, by way of example and without limitation, in writing; electronically; in machine readable form; by demonstration; in tangible form; by access to plans, diagrams or equipment; or orally. Other forms of the word "Disclose" (e.g., Disclosure, Discloses, etc.) shall have substantially the same meaning as required by the context.
- 1.8. "Disclosing Party" shall mean a Party hereto that discloses its Proprietary Information to the other Party.
- 1.9. "Dispose" shall mean to practice, make, have made, use, license, grant rights to sublicense, lease, sell, Disclose, assign, encumber, dispose or otherwise exercise an incident of ownership. Other forms of the word "Dispose" (e.g., Disposition, Disposal, etc.) shall have substantially the same meaning as required by the context.
- 1.10. "Effective Date" shall mean the date of execution of this Agreement as first above written.

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- 1.11. "Exclusivity Termination Trigger" shall mean the occurrence of an event described in paragraph 3.2.
- 1.12. "Flexibility Parameters" shall have the meaning described in Exhibit 8.2.
- 1.13. "Incorporate" shall mean shall mean include as a constituent part. Other forms of the word "Incorporate" (e.g., Incorporated, etc.) shall have substantially the same meaning as required by the context.
- 1.14. "Invention" shall mean any invention, discovery, process, art, method (including mathematical algorithms), machine, manufacture, composition of matter, or improvement thereof, whether or not patented or patentable, to the extent that it is or is qualified to be the subject of an intellectual property right or intellectual property protection under the laws of any applicable jurisdiction under any applicable legal theory, including but not limited to rights or protections under patent, trade secret, or copyright laws or principles.
- 1.15. "Made Known" shall mean made known, received, developed, possessed or communicated, at any time before or after the Effective Date. "Rightfully Made Known" shall mean Made Known without, and "Wrongfully Made Known" shall mean Made Known with, any violation of any legally protectable and/or enforceable express or implied right, title, duty or obligation of the owner of such Proprietary Information or third Parties from, by or through whom such knowledge passed.
- 1.16. "Manufacturing Specifications" shall mean Trimble's written specifications regarding the processes for the manufacture of the Products provided to Solectron, including, without limitation, the [*] and [*]. In cases where the specific processes are not covered by these specifications, industry standard specifications shall apply (e.g., IPC, ANSI/IPC).
- 1.17. "Manufacturing Standards" shall mean information that describes the processes, procedures and requirements specifically related to the manufacture of any Product. Without limiting the foregoing, a "Manufacturing Standard" may include assembly machine programs; reflow profiles; assembly aids; process flows; standard assembly instructions; process control plan; overall process definition; work instructions; process and machine capabilities; design review report; first article inspection reports; and Quality Improvement Plan.
- 1.18. "Owning Party" shall mean a Party to the extent that such Party has an ownership interest in any Proprietary Information.
- 1.19. "Part" shall mean any materials, parts or components used in the Products.
- 1.20. "Product" shall mean any of those products identified in Exhibit 1.20 attached to this Agreement.

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- 1.21. "Production File" shall mean the definitive manufacturing specifications for each Product and shall include the most recently effective Design Specification and Manufacturing Standards.
- 1.22. "Proprietary Information" shall mean information or material relating to the existing or prospective business of Solectron, Trimble or third parties or to this Agreement, any information contained therein or Created therefrom, and any Derivatives thereof, including, by way of example and without limitation, technical,

and/or business information such as processes, methods, techniques, systems, subroutines, source code, object code, documentation, diagrams and flow charts, analyses (including computer simulations), results, reports and information of all kinds Disclosed in writing by the Disclosing Party to the Receiving Party to permit the Parties to perform their obligations under this Agreement. "Proprietary Information" shall also include Inventions, Works and Trade Secrets. Proprietary Information shall not include any information or material to the extent that the Receiving Party proves by a preponderance of the evidence that such information or material has been or becomes:

- 1.22.1. Rightfully Made Known to the Receiving Party without obligation of confidence; or
 - 1.22.2. Rightfully Made Known to third Parties who are neither under obligation of confidence nor who treat such Proprietary Information confidentially
- 1.23. "Proprietary Rights" shall mean, in any country, (i) the right to file patent applications and any rights under patent applications; (ii) rights under a grant of letters patent or any similar form of statutory protection for inventions, such as utility model protection and industrial design protection; (iii) rights under copyright, trade secret, mask work or trademark law; and (iv) any other protectable intellectual property rights.
 - 1.24. "Prototype" shall mean a pre-production or pilot prototype, engineering or design sample, or production verification prototype.
 - 1.25. "Purchase Order" shall mean a Trimble purchase order issued to Solectron pursuant to the provisions of this Agreement.
 - 1.26. "Receiving Party" shall mean a Party hereto that receives Proprietary Information of the other Party hereto.
 - 1.27. "Term" shall mean the period of time that begins on the Effective Date and ends upon Termination.
 - 1.28. "Termination" means the time at which this Agreement terminates as provided or referenced in paragraph 26.
 - 1.29. "Trade Secret" shall mean information Made Known to either Party, that is maintained by a Party in reasonable confidence such that it is not generally known and used in the Party's industry, and which gives or may give the Party a competitive, technical or other business advantage over the other Party, or third parties, who do not possess, know or use it.
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- 1.30. "Trimble Proprietary Component" shall mean any component which Solectron cannot purchase without Trimble's express authorization.
 - 1.31. "Trimble Designated Distributor" shall mean a person or entity identified by Trimble to Solectron as an authorized Trimble distributor.
 - 1.32. "Trimble Vendor" shall mean any producer or supplier of all or any portion of a Product that has been identified by Trimble on Trimble's approved vendor list (or "AVL") for such Product as the source of certain Parts to be used by Solectron in the manufacture of such Product.
 - 1.33. "WAAP" shall mean Weighted Average Actual Price determined as specified in Exhibit 1.33.
 - 1.34. "Work" shall mean a work of authorship protectable under the copyright laws of an applicable jurisdiction, or a mask work protectable under the semiconductor chip protection laws of any applicable jurisdiction.

2. PURCHASE AND SALE OF PRODUCTS

During the Term and subject to the provisions of this Agreement, Solectron shall manufacture and deliver or provide to Trimble, and Trimble shall purchase from Solectron, Products, and such other goods and services as this Agreement requires or as the Parties may otherwise mutually agree in writing.

3. EXCLUSIVITY

3.1. Products

During the Initial Term, Trimble shall purchase from Solectron all Trimble's requirements for Products except as otherwise expressly provided in this Agreement. After the Initial Term, or after an Exclusivity Termination Notice, Trimble shall only be obligated to purchase from Solectron such of the Products and in such quantities as Trimble may determine in its sole discretion. Nothing in this Agreement shall be construed or deemed to require Trimble to order any particular quantity of any Product, nor constitute any warranty or representation by Trimble in that regard.

Nothing in this Agreement shall require Trimble to purchase any Product from Solectron to the extent such requirement would violate, prevent or frustrate the purpose or benefit of any extraordinary Trimble contract or business relationship that may arise after the Effective Date, including those requiring local manufacturing, or those which arise in connection with any business acquisition or change of control.

3.2. Exclusivity Termination Triggers

In addition to any other rights or remedies available to Trimble, the following events shall constitute Exclusivity Termination Triggers:

3.2.1. [*]

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3.2.2. [*]

3.2.3. [*]

3.2.4. [*]

3.3 Exclusivity Termination Process

In the event of an Exclusivity Termination Trigger, Trimble shall provide written notice thereof to Solectron, and within three (3) business days thereafter the Parties' most senior business executives then available who have decisional authority over this Agreement shall meet and confer regarding such Exclusivity Termination Trigger and the consequences thereof. If within five (5) business days after such notice the Parties have not mutually agreed upon a resolution of the circumstances that constitute or relate to the Exclusivity Termination Trigger, Trimble may deliver to Solectron an Exclusivity Termination Notice. Such Exclusivity Termination Notice shall have the effect described elsewhere in this Agreement.

4. PRODUCTION FILES

4.1. Design Specifications

Within a reasonable time following the Effective Date, Trimble shall furnish to Solectron any Design Specifications, Manufacturing Specification and any Manufacturing Standard, in the form historically used by Trimble to produce each Product.

Solectron acknowledges that, although Trimble will furnish the Design Specifications, Manufacturing Specification and any Manufacturing Standard in the form historically used by Trimble to produce each Product, Trimble makes and has made no representations or warranties with respect to Solectron's ability to produce Products or achieve any particular results from its use of such Design Specifications, Manufacturing Specifications and any Manufacturing Standards furnished by Trimble.

4.2. Manufacturing Standards

Solectron at its expense shall review each Design Specification and Manufacturing Standard submitted by Trimble promptly upon receipt and, consult with Trimble and visit the facilities of Trimble and its subcontractors as necessary or advisable for the purposes of this paragraph 4. Promptly thereafter, and from time to time during the Term, Solectron shall advise and make recommendations to Trimble regarding all relevant matters that may affect each Design Specification and Manufacturing Standard as such matters may relate to Solectron's

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preparation of preliminary or final Manufacturing Standards, or changes thereto, including but not limited to sourcing and qualifying components, cost analysis, and Product modifications for unit cost reduction. Trimble may, at its option, participate in all such Solectron activities.

For each Product, Solectron shall submit to Trimble preliminary Manufacturing Standards that comply with the relevant Design Specification and Manufacturing Specifications within a reasonable time after Trimble delivers its Design Specification to Solectron.

As soon as practicable after Solectron delivers the preliminary manufacturing procedures to Trimble, Trimble and Solectron shall review them jointly. Solectron shall deliver proposed final Manufacturing Standards to Trimble within one (1) week after Trimble's approval of the preliminary Manufacturing Standards and, upon Trimble's approval of the proposed final Manufacturing Standards, such Manufacturing Standards shall be deemed established as to the relevant Product.

4.3. Production File

Solectron shall maintain, for each Product, a Production File that (i) includes the Design Specifications and final Manufacturing Standards; and (ii) complies with all relevant provisions of this Agreement, including the Manufacturing Specifications. Solectron shall promptly identify to Trimble any Production File information that Solectron considers Solectron's Proprietary Information.

4.4. Production Prior to Acceptance of Production Files

Prior to Trimble's written approval of Solectron's proposed

Manufacturing Standards, Solectron shall continue to produce the Products in accordance with Trimble's historic processes prior the Effective Date, provided that to the extent that Trimble has not furnished information regarding its historic processes for producing any such Products, Solectron shall employ methods of production that conform to generally recognized best practices.

5. PRODUCTION CAPABILITY

5.1. Capacity

During the Term and as otherwise provided in this Agreement, Solectron shall maintain the labor, materials and facilities necessary to produce and deliver to Trimble all Products, services, activities and other things required of Solectron under this Agreement. The Parties will amend Exhibit 1.20 ("Products") to appropriately manage end-of-life, inactive or discontinued Products.

5.2. Materials

Solectron shall provide or acquire all Parts necessary to perform Solectron's obligations under this Agreement from the applicable Trimble Vendor(s). Trimble may instruct Solectron to change specific Parts or procedures for the manufacture or assembly of any Product(s) by

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following the change procedure described in Paragraph 5.4, subject to reasonable adjustment of price and delivery schedule equitably attributable to such change.

Trimble's liability for such Parts shall be limited to the provisions of Exhibit 8.2.

5.3. Product Manufacture

Solectron shall manufacture, assemble and test each Product in accordance with its Production File at a Solectron facility that has been approved by Trimble in writing. Solectron will not change the location of manufacture, including without limitation different facilities or different production lines within the same facility, without Trimble's prior written approval.

Solectron shall not subcontract or delegate any portion of the manufacture, assembly or testing of the Products to third parties without Trimble's express written approval, which may be granted or withheld by Trimble in its sole discretion.

Solectron shall not, without Trimble's prior written approval, include electronic components in the Products which have a date code which is older than [*] from the date such component is first delivered to Solectron, provided however, that for any such Parts with a date code older than [*] from the date such component is first delivered to Solectron, Solectron shall perform such solderability and other tests as may be required by the Manufacturing Specifications or best commercial practice. Solectron shall keep documentation sufficient to verify its compliance with this Paragraph 5.3 and shall promptly provide such documentation to Trimble upon request.

5.4. Production File Changes

5.4.1. Initiated by Trimble

From time to time during the Term, Trimble may issue a

preliminary change notice ("Preliminary Change Notice") to Solectron that states one or more changes to a Production File or the Manufacturing Specifications.

Trimble's Preliminary Change Notice shall specify whether Trimble's requested change is a Class 1 ECN or Class 2 ECN. A "Class 1 ECN" is an engineering change that must be implemented within Twenty Four (24) hours after receipt of notice and before additional Products are delivered to Trimble. A "Class 2 ECN" is an engineering change that may be implemented at a mutually agreeable time.

Solectron shall, [*] within the time specified in the Preliminary Change Notice but generally not more than two (2) business days from Trimble's issuance of the Preliminary Change Notice, provide information regarding factors that may affect implementation, and costs associated with implementation (one-time and on-going), of the changes described in the Preliminary Change Notice.

If, after receiving Solectron's response, Trimble wishes to implement the changes described in the Preliminary Change Notice, Trimble shall issue

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a final engineering change notice ("ECN") or final manufacturing change Notice ("MCN") to Solectron.

5.4.2. Initiated by Solectron

If Solectron wishes to initiate a change to a Production File or the Manufacturing Specifications, Solectron shall furnish to Trimble a proposed change notice ("Proposed Change Notice") together with information regarding factors that may affect implementation, and cost associated with implementation (one-time and on-going). Solectron shall supplement the Proposed Change Notice with such additional information as Trimble may reasonably request at any time ("Supplemental Information"). Trimble shall not be deemed to have completed its assessment, and shall be under no obligation to respond to a Proposed Change Notice, until Trimble has received and analyzed the Proposed Change Notice, the Supplemental Information, and such other information regarding the business, financial and technical particulars as Trimble may in its sole discretion deem necessary or advisable. Trimble may decline any Proposed Change Notice in Trimble's absolute discretion. If Trimble wishes to implement an engineering change as described in Solectron's Proposed Change Notice, Trimble shall issue a Final ECN or Final MCN to Solectron.

For change requests initiated by Solectron, Solectron will be responsible for [*] to such materials, locations or processes that are requested by Solectron, except as the Parties may otherwise expressly agree in writing.

5.4.3. Final ECN/MCN

A Final ECN or final MCN shall be incorporated into the Production File for the applicable Product(s) on the specified implementation date. Solectron shall not change or modify the processes for the Products as provided in the Production File without a Final ECN or final MCN from Trimble.

5.4.4. Charges

For purposes of this paragraph 5.4, any cost identified by Solectron as a "cost associated with implementation" shall not include, and Trimble shall not be liable for, [*]

5.5.5. Allocations

Solectron warrants and agrees that with respect to any allocations of components, materials, labor or production capacity made in connection with orders placed by Trimble under this Agreement due to any shortage or unavailability, Trimble will receive from Solectron allocations thereof that are at least as favorable as any allocation provided to any other Solectron customer.

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5.6. Manufacturing Support

Each Party shall perform its manufacturing support services as described in Exhibit 5.6.

5.7. Solectron Relationship with Trimble Vendors

Solectron shall manage Solectron's relationships with Trimble Vendors in a manner that will enhance long-term relationships with such vendors and produce benefits for both Solectron and Trimble. [*]

Without limiting the foregoing, Solectron shall, at a minimum, comply with the following obligations to ensure good component material management for the Products:

- 5.7.1. Ensure component level failure analysis is performed by the Trimble Vendors,
- 5.7.2. Expedite component returns, failure analysis and corrective actions regarding defective components with Trimble Vendors and promptly communicate this information to Trimble,
- 5.7.3. Work with Trimble Vendors to reduce leadtimes and WAAPs,
- 5.7.4. Address poor component yields with Trimble Vendors and promptly provide analysis and corrective plans regarding same to Trimble,
- 5.7.5. Provide regular performance feedback to Trimble Vendors, with a copy to Trimble,
- 5.7.6. Provide Trimble with copies of all Trimble Vendors newsletters via e-mail,
- 5.7.7. Permit Trimble to participate in discussions with Trimble Vendors regarding issues related to Parts WAAP and availability, and to Solectron's performance of this Agreement,
- 5.7.8. Initiate and maintain vendor qualification, performance and corrective action programs with the Trimble Vendors,
- 5.7.9. Assist Trimble as Trimble may reasonably request with Trimble's vendor conference, and

5.7.10. Provide to Trimble any information relating to Part quality, technology trends, and such other information that Solectron may have and Trimble may reasonably require to maintain a competitive position in its markets.

Solectron shall provide each of the Trimble Vendors with non-binding, forward looking, rolling forecasts for each of the Parts and shall update such forecasts on a monthly basis, or more frequently as necessary to support Trimble's business needs. Such forecasts shall [*]

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[*]

5.8. Production Personnel

Solectron acknowledges that certain Solectron personnel whose names appear on the attached Exhibit 5.8 were Trimble employees before the Effective Date, possess certain [*] or other technical or engineering skills and experience that have been and will continue to be required in the production of the Products. Solectron agrees that it shall [*]

5.9. Production Floor Scrap

Solectron shall bear all costs for Scrap within a [*]. Above the [*], (i) Trimble shall reimburse Solectron the [*] for all Parts or Products Scrap that the Parties reasonably determine is caused by Trimble's Product design; and (ii) Solectron shall bear all cost for all Parts or Products Scrap caused by Solectron's manufacture of the Products.

"Scrap" means Parts or Products that are or may become unusable in the manufacturing process. "Scrap Rate" is calculated by dividing the materials WAAP of all Scrap created in each quarter by the total materials WAAP in that quarter and expressing the result as a percentage.

5.10. Discrepant Materials

As provided in the Asset Purchase Agreement, Solectron will purchase Discrepant Materials from Trimble at [*]. Trimble will sell only those Discrepant Materials produced in the one (1) year prior to the Effective Date. Solectron may repair or rework the Discrepant Materials to meet the applicable Product's Production File and supply the repaired or reworked Discrepant Materials to Trimble as Products under this Agreement. Solectron shall bear the cost of all Scrap in the Discrepant Materials. If (i) the price paid by Solectron for the Discrepant Material totals more than [*]; or (ii) despite its best efforts, Solectron is unable to repair or rework more than [*] of the Discrepant Materials to meet the applicable Product's Production File; the Parties will meet and discuss an equitable resolution. "Discrepant Materials" means work in progress that fails to meet the applicable Product's Production File.

6. PRODUCTION SUPPORT TEAMS

On or before the Effective Date Solectron shall establish a team of skilled and experienced employees ("Production Support Team") which shall be the primary Product and technical interface with the other Party and serve as the focal point for the identification and resolution of any problems that may surface during the

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course of this Agreement. Solectron shall consult with Trimble and comply with Trimble's reasonable requests regarding the Solectron personnel that Solectron designates or intends to designate as Solectron's Production Support Team, including the opportunity to interview and reject proposed Production Support Team candidates prior to Solectron assigning them to the Production Support Team. Production Support Teams shall not have the authority to amend or modify the terms of this Agreement. The Production Support Teams shall meet periodically, electronically, telephonically or otherwise as reasonably agreed by the Parties, and at least quarterly for a general review of the Parties' performance under the relationship and to establish any corrective action plans necessary to meet performance criteria set forth in this Agreement.

Solectron's Production Support Team shall include two (2) Customer Focus Teams, aligned on a product- or business unit basis as Trimble may reasonably request, which shall be responsible for providing support in the following areas: (i) Trimble Vendor management; (ii) inventory control; (iii) engineering services; (iv) master scheduling; (v) document control; (vi) quality assurance; and (vii) customized reporting.

In addition to the obligations described above, Solectron's Production Support Team shall be able to (i) respond to normal inquiries within [*], (ii) provide an initial response for urgent requests within [*], and (iii) comply with the order acknowledgment and RMA procedures set forth elsewhere in this Agreement.

7. FORECASTS

Within three (3) business days after the Effective Date, Trimble shall deliver to Solectron a non-binding, forward looking, [*] rolling forecast ("Forecast") for orders of the Products, and update such Forecast from time to time during the Term, but no less frequently than [*]. Each Forecast shall state Trimble's anticipated orders for each Product during the Forecast period: [*]

8. PURCHASE ORDERS

8.1. Submission; Content

From time to time during the Term, Trimble may deliver Purchase Orders to Solectron in writing, via telefax or electronically, via procedures to be mutually agreed or in the same manner as specified in this Agreement for the delivery of notices. Such Purchase Orders shall include the following information ("Basic Information"), as and if applicable, and such other information as may be relevant to such Purchase Orders:

8.1.1. Deliverables (which shall include Trimble part number(s));

8.1.2. Quantities of each deliverable;

8.1.3. Unit and total prices then in effect;

8.1.4. Delivery date(s) within the applicable Product Delivery Leadtime;

8.1.5. Delivery location(s);

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8.1.6. Product notes (including, but not limited to, radio frequency or other configuration information); and

8.1.7. Any special packaging or shipping requirements.

Any terms, conditions or information appearing on or accompanying any of Trimble's or Solectron's purchase orders or acknowledgments or related correspondence, other than the Basic Information, shall be of no effect unless (i) expressly permitted under this Agreement, or (ii) Trimble and Solectron expressly agree otherwise in a separate, signed writing.

8.2. Delivery Leadtimes

Delivery Leadtimes for each Product shall be determined by the Product's applicable delivery category specified on, and subject to change as provided in, the attached Exhibit 8.2.

8.3. Confirmation

8.3.1. [*]

8.3.2. [*]

8.3.3. [*]

8.4. Order Acceptance.

A Purchase Order in the form described in Paragraph 8 above, which complies with the terms of this Agreement, (a "Complying Order") shall be deemed accepted by Solectron upon receipt regardless of whether or not confirmed or acknowledged by Solectron as provided in paragraph 8.3. Solectron shall not be obligated to accept a purchase order that is not a Complying Order, nor shall Solectron be obligated to accept a purchase order which states quantities in excess of those Forecast and Flexibility

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Parameters (any of the foregoing a "Non-Complying Order"), and such a Non-Complying Order shall not be deemed accepted by Solectron unless Solectron expressly accepts it in writing. If Solectron determines that any purchase order is a Non-Complying Order, Solectron shall notify Trimble as described in Paragraph 8.3 above, and the Parties shall use their mutual reasonably diligent efforts to cause the Purchase Order to be a Complying Order, at which time it shall be deemed accepted by Solectron and Solectron shall so confirm to Trimble in writing.

8.5. Purchase Order Changes

8.5.1. Trimble shall be entitled to cancel any Purchase Order in whole or in part, or change all or any part of the Basic Information applicable to any Purchase Order, by delivering notice thereof to Solectron in the same manner as a Purchase Order may be delivered, and Solectron shall comply with any such change or cancellation. Any such change or cancellation shall be without liability to Trimble if it is within the Flexibility Parameters and, if it is not, such change or cancellation shall be subject to any relevant liability as described in Exhibit 8.2.

8.5.2. For increases or decreases in quantities ordered which fall outside of the parameters set forth in Exhibit 8.2, Solectron agrees to use best efforts to accommodate Trimble's requested changes.

8.6. First Month Orders

For the thirty (30) days following the Effective Date, the forecasting and ordering procedures specified in Paragraphs 7 and 8 shall not apply to the ordering, production or delivery of the Products. Instead, during that thirty (30) day period, Solectron shall complete the production of Products in process as of the Effective Date in accordance with a schedule to be provided by Trimble to Solectron at the Effective Date, provided that such schedule generally provides for manufacturing times for the Products substantially in accordance with the Delivery Leadtimes specified on Exhibit 8.2. During such thirty (30) day period, Trimble will supply forecasts on a daily basis.

8.7. Solectron and Trimble agree to discuss at a mutually agreeable date the terms and conditions, if any, under which the Parties may agree to implement a kanban or demand-pull form of delivery system for the Products.

9. DELIVERY.

9.1. Beginning at the Effective Date and until such time as required by a Delivery Plan ("Delivery Interim Period"), Solectron shall deliver Products to Trimble on time to the same extent that Trimble's manufacturing function has internally delivered Products within Trimble on time, or earlier, during the six (6) month period preceding the Effective Date. During the Delivery Interim Period, Solectron shall use its best efforts to deliver Products on time as required to meet Trimble's business needs, consistent with the condition of the Trimble manufacturing function

transferred to Solectron under that certain Asset Purchase Agreement between Trimble and Solectron dated [date].

Within Forty Five (45) days following the Effective Date, Solectron shall furnish to Trimble, for Trimble's review and approval, a proposed plan to achieve on time delivery of all Products ("Delivery Plan"). Beginning at the time specified in the Delivery Plan, but in no event later than March 31, 2000, Solectron will deliver all Products to Trimble on time.

For purposes of this Agreement, a Product shall be deemed delivered "on time" if it conforms to the relevant warranty and acceptance criteria, was produced in conformity with the applicable Production File, and is delivered to the required delivery location or common carrier, as applicable, on or not more than three (3) days before the delivery date specified in

the applicable Purchase Order.

- 9.2. If a delivery is not on time, or if Solectron reasonably expects to make a delivery that is not on time, Solectron shall promptly notify Trimble, and unless the delay is caused by Trimble, shall at no additional cost to Trimble employ accelerated measures such as material expediting fees, premium transportation costs, or labor diversion or overtime required to meet the specified delivery date or minimize the lateness of deliveries.
- 9.3. For deliveries to Trimble within [*] of Solectron's Milpitas, California facility, Solectron shall deliver Products to Trimble's delivery location specified in an Order, [*] choosing.
- 9.4. For all other deliveries, Solectron shall deliver Products [*] choosing addressed to the delivery location specified in the relevant order, and shall insure against normal transportation risks. The cost of shipment and insurance shall be added to the amount payable by Trimble.
- 9.5. Title and risk of loss to all Products shall pass to Trimble upon delivery to the common carrier at Solectron's shipping dock.

10. LABELING AND PACKAGING

- 10.1. Trimble shall provide to Solectron all necessary specifications, identification and artwork for the labeling of the Products and packaging under the applicable label.
- 10.2. Solectron shall package and label all Products as specified by Trimble in the Design Specification, without additional cost to Trimble. Where Trimble does not specify packaging and shipping requirements in the Design specification, Solectron shall package and ship Products to Trimble in a manner which (i) follows Trimble's written instructions, (ii) follows good commercial practice, (iii) is acceptable to common carriers for shipment, and (iv) is adequate to ensure safe arrival. Solectron shall mark the outside of each shipment container with the applicable Trimble part numbers and necessary handling and lifting information. Each

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shipment shall be accompanied by a packing slip and source inspection acceptance report which will include Trimble's part numbers, purchase order and the quantity shipped. Solectron further agrees to label the Products consistent for United States custom requirements for country of manufacture as well as to provide revision code and manufacturing date code labeling for the Products in the location and format specified by Trimble.

- 10.3. If Trimble requests additional marking or labeling information on, or packaging for, the Products which is not specified in the Design Specifications and which results in a change in the cost of materials or production, Trimble and Solectron shall negotiate an equitable price adjustment in good faith.
- 10.4. Solectron shall not pack different Products or different configurations of the same Products in the same shipment container.

11. ACCEPTANCE OR REJECTION

11.1. Source Inspections.

Upon prior notice to Solectron, Trimble or its authorized representative(s) may conduct source inspections of the Products at Solectron's facility at which Products are being manufactured, during Solectron's normal business hours. Such inspections shall be based upon [*] and such other standards as Trimble may reasonably elect. The Parties shall mutually agree upon the timing of such inspections, which shall be conducted in a manner that does not interfere with Solectron's operations. Solectron shall provide sufficient facilities for persons conducting such source inspections. If any Product fails the test procedure set forth in the Manufacturing Standards, Trimble may reject the entire lot of any such Products, and Solectron shall promptly take all steps necessary to correct such failures.

Immediately upon any rejection resulting from a source inspection, Solectron shall identify the cause of the failure and shall promptly take all reasonable steps to correct any such failure as described in the Manufacturing Specifications.

11.2. Incoming Inspections.

Trimble may inspect all Products within [*] after its receipt of such Product ("Rejection Period") and may reject any Product that fails to meet the Design Specifications or Manufacturing Standards.

Trimble may also reject any quantity of goods shipped by Solectron in excess of those ordered, or which are delivered more than [*] before the scheduled delivery date. However, such overshipments or early shipments, to the extent accepted, shall be subject to all of the terms and provisions contained in this Agreement.

If Trimble rejects any Products, Trimble shall notify Solectron in writing or follow the RMA procedure described in Paragraph 18.3 within the

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Rejection Period. Solectron shall promptly credit Trimble's account for all Products rejected by Trimble and returned to Solectron.

11.3. General.

Solectron shall (i) provide Corrective Action Reports as specified in Exhibit 15.1 unless otherwise specified by Trimble in the Design Specifications or Quality Plan for the applicable Products, and (ii) record date codes, serial numbers, electronic serial numbers ("ESN numbers") and corrective action for all Products rejected by Trimble.

Notwithstanding anything to the contrary contained in this Agreement, inspection or failure to inspect the Products upon Delivery shall not affect Trimble's rights under the warranty provisions of this Agreement.

12. PRICING, PAYMENT, AND COST REDUCTION

12.1. Prices

- 12.1.1. The initial unit prices to be paid by Trimble for Product(s) are set forth in Exhibit 1.20 attached to this Agreement.
- 12.1.2. During the term of this Agreement, adjustments to the unit prices for the Products will be made on an ongoing basis in accordance with the provisions of Exhibit 12.1.
- 12.1.3. Except as otherwise provided in this Agreement, unit price includes all charges for the Product(s), any related deliverable items and services, and packaging.
- 12.1.4. The WAAP stated by Solectron to Trimble during the Term for any Part supplied or to be supplied by Solectron to Trimble (i) fairly and accurately represents the price paid by Solectron for such Part, and (ii) is determined under the Method stated in Exhibit 1.33.
- 12.1.5. Solectron's Method of calculating the WAAP of any Part (i) is the method regularly and consistently employed by Solectron for internal financial reporting purposes, and (ii) includes all elements, and does not omit elements, necessary to make any statement of WAAP accurate and not misleading.
- 12.1.6. Prices are partially based on the Parties' estimate that Solectron's annual revenue from Trimble, [*]. If, upon the first anniversary of the Effective Date, [*], the parties will in good faith discuss an equitable resolution. Solectron will use its best efforts to reduce or otherwise control its costs and re-deploy its manufacturing assets prior to any such negotiations.

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12.2. Payment

Trimble shall pay for all Products received by Trimble [*]

Except as provided above:

- 12.2.1. Trimble shall use commercially reasonable efforts to pay for all other Products received by Trimble between [*] and
- 12.2.2. Trimble shall use commercially reasonable efforts to pay for all Products received by Trimble [*]

When reasonably practicable, payment will be made by electronic transmittal Electronic Data Interchange ("EDI") or equivalent. Solectron agrees to support Trimble in implementing the required EDI process. Payment shall not constitute acceptance of the Products by Trimble.

12.3. Taxes

Where the law permits, Solectron shall treat Trimble as exempt from applicable state and/or local sales tax for Product(s) purchased pursuant to this Agreement. Where required by state or local law, Trimble shall provide Solectron with a valid reseller's exemption certificate for each taxing jurisdiction to which Solectron ships Product(s). When Trimble purchases

Products for internal use pursuant to this Agreement, Trimble shall notify Solectron and shall pay any applicable sales tax to Solectron.

13. RECORDS, AUDITS AND REPORTS

13.1. Solectron shall keep complete, correct and accurate books of account containing all records that are required according to Solectron's business processes and policies. In order to allow Trimble to determine the accuracy of the prices charged to Trimble under this Agreement and to verify the efforts of Solectron to reduce such prices.

Solectron shall within three (3) business days after Trimble's request made at any time and from time to time provide to Trimble:

13.1.1. A report that identifies, by part number, quantity and such other attributes as are relevant, all finished goods, work in progress, Parts and other items held or ordered by Solectron (i) for which Trimble is or may become liable to pay Solectron under any provision of this Agreement, and (ii) in addition to the foregoing, those that Solectron intends to use in producing Products.

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13.1.2. Access to the following types of information with respect to Solectron's performance of its obligations under this Agreement: component WAAPs; component business awards where such awards are specified by Trimble; labor time standards; yield data at board test and final test; rework and scrap rates; supplier performance ratings; lot tracking/status information; factory cycle-time; component lead times; freight costs; inventory visibility; ECN tracking and effectiveness; and summaries of shipments and billings.

13.1.3. For the verification of component pricing, Solectron shall provide Trimble Weighted Average Actual Price (WAAP) data for components, at the Trimble part number level. Trimble, at its request, may verify Solectron's process for calculating the WAAP by reviewing data relating to receipt and disbursement of a reasonably representative sample of Parts whose pricing does not fall under a Solectron non-disclosure agreement with any supplier, or when the supplier waives any related non-disclosure obligation. If a supplier waives a non-disclosure obligation, Solectron shall take no action to discourage or prevent Part price disclosure to Trimble. For new assemblies containing new components with no WAAP in Solectron's MRP system, Solectron shall provide Trimble a burdened component price in order to comply with existing non-disclosure provisions that prohibit Solectron from sharing actual purchase price. Such burdened price will be for reference only, and contain a Solectron-proprietary adjustment which shall not be included in any Part pricing for costed bills of materials for new products, assemblies or Parts.

13.1.4. All WAAP information disclosed between the Parties shall be deemed Confidential Information. Trimble shall not reveal WAAP data to component suppliers, distributors, other contract manufacturers, or any other third parties, either

directly or indirectly. The Parties acknowledge that improper disclosure of WAAP data to suppliers could result in irreparable damage to procurement leverage; therefore, each Party agrees to take prompt corrective action for any improper disclosure and to take disciplinary action where appropriate.

13.1.5. The most current Production File for the Product(s).

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13.2. Solectron shall, on or before the fifth (5th) day of each calendar month during the Term, deliver to Trimble a Monthly Report as described in the attached Exhibit 13.3.

13.3. Solectron shall permit Trimble's customers reasonable inspection and access to data regarding quality, yield data at board test and final test, rework and scrap rates, lot tracking/status information, summaries of shipments, and such other non-financial manufacturing information as Trimble's customers may reasonably require to confirm Trimble's compliance with such customers' reasonable manufacturing requirements.

14. PROTOTYPE SERVICES

From time to time during the Term, Trimble may desire Solectron's help in building Prototypes. In these instances, Trimble shall notify Solectron of its desire, shall furnish to Solectron preliminary design information and the Parties shall cooperate as described in Exhibit 14.

15. QUALITY ASSURANCE

15.1. Quality Improvement Plan

In addition to the Quality Plans that are part of each Production File, Solectron shall establish, maintain and manage a Quality Improvement Plan for each Product that is consistent with (i) the provisions of Exhibit 15.1, and (ii) standard industry practices, to ensure that the overall reliability, quality and performance objectives stated in the relevant Production File is achieved.

15.2. ISO9000 Certification

Solectron shall manufacture the Product(s) at a facility that maintains ISO 9000 certification.

15.3. QS9000 Compliance

Solectron shall obtain as soon as reasonably practicable (but in no case longer than twelve (12) months following the Effective Date) and maintain throughout the Term QS9000 compliance at its Product production facility. Solectron will investigate QS9000 certification and advise Trimble if and when Solectron can achieve QS9000 certification.

15.4. Other Requirements

From time to time during the Term, Trimble may request that Solectron obtain such other certifications and meet such other manufacturing, security, facility and other requirements as Trimble may specify.

16. REGULATORY COMPLIANCE

Solectron represents and warrants that its manufacturing facilities will comply, its manufacturing processes will be conducted in accordance, and its performance under this Agreement shall comply, with

17. PRODUCT WARRANTY; EPIDEMIC FAILURE

17.1. Performance Warranty.

Solectron warrants to Trimble that Product(s) furnished by Solectron to Trimble under this Agreement, and their production, (a) shall conform to the Production File, (b) shall conform to the Manufacturing Specifications, and (c) shall be free from defects in material and workmanship furnished by or through Solectron under normal use and operation for either (i) the period specified on Exhibit 1.20, or (ii) if no period is specified on Exhibit 1.20, the lesser of (A) [*] from the date of delivery by Solectron to Trimble, or (B) [*] from the date of delivery of the Product to the end user, or (iii) such other period as the Parties may expressly agree in writing.

17.2. Epidemic Failure

Except as may otherwise be provided in a Production File, in the event that, at any time within [*] after Delivery, more than [*] of any given Product sold and delivered to Trimble within any [*] period fails to operate properly as the result of improper Solectron workmanship, then an Epidemic Failure shall be deemed to have occurred. Upon notice by Trimble to Solectron of any Epidemic Failure, Solectron shall promptly develop a plan to eliminate the problem in all continuing production and to correct the problem in all affected units of Product previously sold and delivered to Trimble during said [*] time period. Solectron shall submit such plan to Trimble for Trimble's acceptance. Upon receiving Trimble's approval of such plan, Solectron shall implement the corrective action at its expense. If such plan is not acceptable to Trimble, then Trimble can require Solectron to repair or replace, at Trimble's option, the affected Product at Solectron's cost. The parties agree to use reasonable efforts to complete the repair or replacement of the affected Product within [*] after written notice of such Epidemic Failure is provided to Solectron. For epidemic failures that are affecting current production, Solectron shall identify the problem and develop a plan to solve it within [*] of Trimble's notice.

In the event of an epidemic failure due to a common cause which is neither (A) otherwise covered by the previous paragraph; nor (B) due to (i) a Trimble Product design, (ii) Trimble-supplied test design, or (iii) a Trimble Proprietary Component; the Parties will use reasonable efforts to determine, address and resolve such failure and its consequences.

In the event any failure described in this paragraph 17.2 arises from defects in materials supplied to Solectron by any third party, Solectron shall share, assign or pass through to Trimble any related concession from or claim against the relevant supplier.

17.3. Warranty Exclusions

The warranties set forth in this article shall not apply to any claims, problems or defects which are the result of designs specified in the Design Specifications, normal wear and tear, mishandling, misuse,

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neglect or improper testing or repair by other than Solectron or its authorized representative. These warranties shall survive inspection, acceptance and payment.

THE WARRANTIES CONTAINED IN THIS ARTICLE ARE IN LIEU OF, AND SOLECTRON EXPRESSLY DISCLAIMS AND TRIMBLE WAIVES ALL OTHER REPRESENTATIONS AND WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR ARISING BY COURSE OF DEALING OR PERFORMANCE, CUSTOM, USAGE IN THE TRADE OR OTHERWISE, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANTABILITY, TITLE AND FITNESS FOR A PARTICULAR USE.

18. WARRANTY CLAIMS AND REPAIR

18.1. Trimble shall promptly notify Solectron of any breach or alleged breach of the warranties contained in Paragraph 17. Solectron and Trimble or Trimble's customers shall follow the RMA procedure described in Paragraph 18.3 below to return to Solectron Product(s) that are defective or that need repair or replacement. Solectron, at Solectron's expense and at Trimble's option, shall either replace or repair Products which are or become defective during the warranty period and Deliver the Products to the location designated by Trimble within [*] after Solectron's receipt of the rejected Product(s).

18.2. In connection with warranty repair or replacement, Solectron shall:

18.2.1. Use repair/rework processes that are part of the Production File or otherwise approved by Trimble in writing;

18.2.2. Record and report to Trimble, in writing, date codes, serial numbers, and corrective action for all Product(s) returned for repair or replacement;

18.2.3. Furnish Corrective Action Reports as required by Exhibit 15.1;

18.2.4. Update Product(s) to the latest engineering change level;

18.2.5. Pay all shipping costs associated with Products returned for repairs during the warranty period;

18.2.6. Repair or rework any given Product not more than [*] times;

18.2.7. Retest Products as specified in the Manufacturing Standards prior to a redelivery;

18.2.8. Return repaired, reworked or replacement Products in separate shipments from Trimble's scheduled Product orders; and

18.2.9. Provide statistics to Trimble on no problem found (or "NPF") returns on a quarterly basis.

18.3. RMA Procedure

To return a Product to Solectron as provided by Paragraphs 11

and 18, Trimble shall, request a Return Material Authorization ("RMA") number from Solectron. Solectron shall provide the RMA number in writing to Trimble within [*] after receipt of any request.

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After receipt of the written RMA number, Trimble shall return to Solectron the rejected or defective Product, freight collect and properly insured, in its original shipping carton (if available) with the RMA number displayed on the outside of the carton.

Solectron shall, at Trimble's request, provide Trimble with pre-issued RMA numbers.

18.4. In-Field Warranty Repair

Trimble in the exercise of its sound business judgment may from time to time determine that warranty repair of certain Products or for certain customers should be undertaken at or near the customer's place of business. In such event, Trimble shall notify Solectron of such determination and the Parties shall thereupon immediately cooperate with each other to (i) determine whether the affected Product's condition constitutes a breach of any Solectron warranty and (ii) undertake such repair. If the affected Product's condition constitutes a breach of any Solectron warranty, Solectron shall either undertake such repair, or reimburse Trimble for its reasonable cost of such repair.

19. PARTS SUPPLY

19.1. By Solectron

Solectron shall, upon Trimble's request made at any time and from time to time, sell to Trimble:

19.1.1. During the Term of this Agreement, all finished goods, work in progress, Parts and other items held or ordered by Solectron (i) for which Trimble is or may become liable to pay Solectron under any provision of this Agreement; and (ii) in addition to the foregoing, those that Solectron intends to use in producing Products. The prices for any items shall not exceed what Trimble's liability would have been for the items as described in Exhibit 8.2 if Trimble had canceled its orders for Products.

19.1.2. During the Term of this Agreement, Parts Trimble may reasonably require for all Products purchased by Trimble from Solectron. Prices for the Products shall not exceed Solectron's WAAP for procuring the Parts plus the material markup specified in Exhibit 1.20. Trimble acknowledges that prices for Parts shall be subject to adjustment for increased costs in procurement of materials and manufacturing after cessation of production of the Product for which such Parts are supplied.

19.2. Discontinued Parts.

In addition to its obligations under paragraph 19.1 above, Solectron shall: (i) provide notice to Trimble at least twelve

(12) months prior to discontinuing the availability of any Parts; (ii) inform Trimble of all last-time buy notifications for Parts promptly upon Solectron's receipt of such notifications; (iii) advise Trimble if a last-time buy is the most economical procurement strategy for such Parts as to which such a notification is

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received (especially custom Parts which may require tool maintenance and set-up charges that far outweigh piece part WAAPs); and (iv) assist Trimble as reasonably requested to negotiate supply of any Parts subject to a last-time buy. Trimble may then buy, and Solectron will supply, such quantities as Trimble deems necessary to fulfill the remainder of its Product support requirements (i.e., "last-time buy.") If Trimble determines that a final buy is not financially favorable due to the length of the remaining support period for the Part(s), Solectron will assist Trimble in finding a third party supplier that can continue to support the Part(s) through manufacturing.

19.3. Restricted Materials and Last Time Buys.

Any Parts ordered or obtained by Solectron from or for Trimble that are subject to restricted, limited or otherwise problematic availability, including those that are subject to last-time buy or limited allocation, shall be held and used by Solectron exclusively to perform its obligations under this Agreement.

19.4. By Trimble

Solectron shall purchase, and assist Trimble Dispose of, Parts from Trimble's inventory existing at the Effective Date before purchasing such Parts from other sources. Any such sales shall be on commercially reasonable prices, terms and conditions.

20. PROPERTY FURNISHED TO SOLECTRON BY TRIMBLE

20.1. Trimble Property

Unless otherwise agreed in writing by Trimble, and notwithstanding the provisions of paragraph 21, all designs, specifications, drawings, special dies, molds, patterns, jigs, fixtures and any other property furnished to Solectron by Trimble, or specifically paid for by Trimble, for use in the performance of this Agreement shall be and remain the sole property of Trimble, shall be marked as Trimble directs to evidence its ownership thereof, shall be subject to return to Trimble or other disposition at any time upon Trimble's instruction, shall be used exclusively in the furnishing for Trimble of goods and/or providing of services for Trimble and shall, in the case of tangible property, be insured by Solectron, at Solectron's expense, while in its custody or control in an amount equal to the replacement cost thereof, with loss payable to Trimble. Solectron shall furnish to Trimble a copy of the policy or certificate of such insurance upon demand. Solectron shall execute and deliver to Trimble such other or further agreements relative to property furnished by Trimble to Solectron as may be requested by Trimble. With respect to such property, Solectron at its expense shall (i) obtain any consumable material required for its operation, (ii) perform all routine maintenance, and (iii) perform all repairs necessitated by accident, misuse, abuse or neglect. Trimble shall be responsible to perform or pay for repairs due to reasonable wear and tear, provided that Solectron first notifies Trimble of the need for such repairs

and cooperates with Trimble regarding the nature and source of

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such repairs. Solectron shall, upon Trimble's request, furnish to Trimble a written report listing the Trimble property in Solectron's possession.

As of the Effective Date, the property Trimble is furnishing to Solectron under this Section 20.1 is listed on Exhibit 20.1 attached hereto.

20.2. Technology License

Trimble grants to Solectron revocable, non-exclusive, non-transferable, royalty-free licenses to (i) possess, use and have used the Ancillary Technology exclusively for Trimble's benefit; and (ii) purchase or license from Trimble such of the Trimble Proprietary Components as is reasonably necessary for Solectron to produce Products exclusively for purchase by Trimble under this Agreement.

20.3. Trimble Trademark License

Subject to the terms and conditions of this Agreement, Trimble hereby grants to Solectron a personal, non-exclusive, non-sublicensable, non-transferable, royalty-free, license to use during the Term such Trimble trademarks as may reasonably relate to the Products ("Trimble Marks"), to the extent reasonably required to perform Solectron's obligations under this Agreement.

Solectron hereby acknowledges and recognizes Trimble's exclusive worldwide ownership of the Trimble Marks and agrees not to take any action inconsistent with such ownership. Solectron acknowledges that its use of the Trimble Marks pursuant to this Agreement and any goodwill established thereby shall inure to the sole benefit of Trimble.

Solectron shall support Trimble in policing the use of the Trimble Marks and shall cooperate with Trimble in protecting the Trimble Marks, including cooperating in becoming a registered user of such Trimble Marks. Such cooperation by Solectron shall be at the sole expense of Trimble. Solectron shall promptly notify Trimble of any infringement of the Trimble Marks that comes to Solectron's attention.

Solectron shall not attempt to register with any trademark office, anywhere in the world, any trademark or other mark that is confusingly similar to any of the Trimble Marks or that otherwise infringes or dilutes any of the Trimble Marks.

Solectron shall not modify any Product bearing a Trimble Mark in such a manner as to detract from the favorable reputation enjoyed by the Trimble Marks. Solectron shall not take or permit to be taken any actions which would detract from the goodwill or favorable reputation associated with the Trimble Marks.

21. INTELLECTUAL PROPERTY OWNERSHIP

Except as expressly agreed by the Parties in this Agreement, or in a formal written amendment to this Agreement signed by duly authorized officers of each Party:

21.1. Ownership of Proprietary Information that is Created solely by one Party.

The "Owning Party" for purposes of this Agreement of all Proprietary Information owned by a Party or Created solely by a Party, whether before or after the Effective Date, shall be determined as follows:

21.1.1. All Proprietary Information which is not a Derivative of any Proprietary Information of the other Party shall be the sole and exclusive property of, and be deemed the Proprietary Information of, the Party who owned or Created the Proprietary Information.

21.1.2. All Proprietary Information which is a Derivative of any Proprietary Information of the other Party but which is not a Derivative of any Proprietary Information of the Party who so Creates, shall be Disclosed in writing to the other Party by the Party who so Created, and shall be deemed the Proprietary Information of the other Party.

21.1.3. All Proprietary Information which is a Derivative of any Proprietary Information of the other Party, and which is also a Derivative of any Proprietary Information of the Party who so Creates, shall be Disclosed in writing to the other Party by the Party who so Created, and shall be the Parties' joint property.

21.2. Ownership of Proprietary Information that is Created Jointly by the Parties.

The "Owning Party" for purposes of this Agreement of all Proprietary Information Created Jointly by the Parties, whether before or after the Effective Date, shall be determined as follows:

21.2.1. All Proprietary Information Created Jointly by the Parties which is a Derivative of any Proprietary Information of one Party who so Creates, and which is not a Derivative of any Proprietary Information of the other Party who so Creates, shall be Disclosed in writing to the Party from whose Proprietary Information it is a Derivative or whose Proprietary Information it incorporates, and shall be deemed the Proprietary Information of such Party.

21.2.2. All Proprietary Information Created Jointly by the Parties which is a Derivative of any Proprietary Information of one Party who so Creates, and which is also a Derivative of any Proprietary Information of the other Party who so Creates, shall be Disclosed in writing by each Party to the other, and shall be the Parties' joint property.

21.2.3. All Proprietary Information Created Jointly by the Parties which is not a Derivative of Proprietary Information of either such Party, shall be Disclosed in writing by each Party to the other, and shall be the Parties' joint property.

21.3. Ownership of any other Proprietary Information.

Ownership, whether solely by any Party or jointly by the Parties, and all related rights in, to and of, all Proprietary Information that is Created under circumstances not specified in Paragraph 21.1 or 21.2 above shall be agreed upon by the Parties in good faith and, failing such agreement,

shall be submitted to arbitration in accordance with the provisions of Paragraph 28.4, provided, however, that the arbitrators' determination shall not result in, nor require or permit, the Disclosure or Disposition of a Party's Proprietary Information. Subject to the foregoing, in reaching its determination the arbitrator(s) shall take into account the following factors in addition to any other factors the arbitrator(s) deem relevant:

21.3.1. The extent to which the Proprietary Information is based on or incorporates the Proprietary Information of a Party; and

21.3.2. The extent of each Party's material contribution to the Proprietary Information.

21.4. Effect of Joint Ownership on Disposition of Proprietary Information.

Except as provided herein, either Party shall be free to Dispose of any Proprietary Information that is such Party's joint property, as determined under this Agreement, independently of and without accounting to any other Party therefor, subject always to the other Party's equal and concurrent right to likewise so Dispose of such joint property, provided always, that neither Party may Dispose of such joint property to the extent that such Disposition would result in or require Disclosure of the other Party's Proprietary Information of which the joint property was a Derivative or which is Incorporated in the joint property, if any.

21.5. Effect of Joint Ownership on Patent and Copyright Prosecution and Enforcement.

21.5.1. Either Party who jointly owns any Proprietary Information, as determined under this Agreement, shall cooperate with any other Party who jointly owns such Proprietary Information (i) in filing and prosecuting applications for patent and copyright protection of any jointly owned Proprietary Information that is reasonably subject to such protection in any jurisdiction any such Party deems appropriate, and (ii) in enforcing patent rights and copyrights in such Proprietary Information against others in any jurisdiction the requesting Party deems appropriate.

21.5.2. Notwithstanding Paragraph above, neither Party may file or prosecute nor require any other Party to cooperate in the filing or prosecution of an application for patent protection or copyright, and neither Party may enforce or require any other Party to cooperate in enforcing patent rights and copyrights for patent protection or copyright, to the extent that such filing, prosecution, cooperation or enforcement would result in or require public or otherwise damaging Disclosure of any the other Party's Proprietary Information of which the joint property is a Derivative or which is Incorporated in the joint property, if any.

21.5.3. Any Party requesting cooperation under Paragraph 21.5.1 or Paragraph 21.5.2 above shall bear all expenses associated therewith, except that the Parties who jointly own any Proprietary Information, as determined under this Agreement, shall equally bear the expense of filing and prosecuting applications for patent

protection in the United States of America of such jointly owned Proprietary Information.

- 21.6. Limitation on Transfer of Proprietary Information. Except as expressly provided herein, nothing in this Agreement shall operate to create or transfer an ownership, license or other proprietary interest in any Proprietary Information, nor require the Disclosure by an Owning Party of any of its Proprietary Information, nor restrict, inhibit or encumber any Owning Party's right or ability to dispose of, use, distribute, Disclose or disseminate in any way its own Proprietary Information or to release or modify by further agreement the obligations of the other Party or Others with respect to such Owning Party's Proprietary Information.

22. CONFIDENTIALITY

- 22.1. A Receiving Party shall, with respect to an Owning Party's Proprietary Information:
- 22.1.1. Restrict access thereto to such of its employees and consultants who need to know it in order for the Receiving Party to perform its obligations under this Agreement and who agree to be bound by an obligation of confidence no less protective of the Disclosing Party's Proprietary Information than the provisions of this Agreement;
 - 22.1.2. Not use Proprietary Information disclosed to it pursuant to this Agreement for any purposes other than those expressly permitted by this Agreement; and
 - 22.1.3. Not disclose Proprietary Information disclosed to it pursuant to this Agreement to any third Party.
- 22.2. Each Receiving Party shall protect the Disclosing Party's Proprietary Information using at least the same degree of care it employs to avoid disclosure of its own Proprietary Information of a similar nature, provided such degree of care is not less than reasonable under the circumstances. The obligations and restrictions provided in this Paragraph 22 shall survive expiration or termination of this Agreement.
- 22.3. A Disclosing Party's Proprietary Information and any tangible or electronic medium on or by which it is or has been Disclosed to, possessed, or reproduced by the Receiving Party, shall at all times be the Disclosing Party's sole and exclusive property. The Disclosing Party may at any time, by written notice, revoke in whole or in part any permission given to the Receiving Party under this Paragraph 22 to use, possess or Disclose its Proprietary Information. Upon such revocation, or upon any written request, the Receiving Party shall immediately and unconditionally deliver to the Disclosing Party all of the Disclosing Party's Proprietary Information and any tangible or electronic medium on or by which it is or has been Disclosed to, possessed, or reproduced by the Receiving Party.
- 22.4. Except as otherwise provided in this Agreement, the Disclosure of Proprietary Information shall not be construed as granting the Receiving

Party any rights with respect to the other Party's Proprietary Information or any license under any patents, patent applications, copyrights and/or other intellectual property rights to which the Disclosing Party may then or thereafter own or hold licensing rights.

- 22.5. Disclosure of any Proprietary Information by a Receiving Party hereunder shall not be precluded if such Disclosure is (a) in response to a valid and legally-enforceable order of a court or other government body or any political subdivision thereof; or (b) otherwise required by law, provided, however, that the Receiving Party before making such Disclosure must first (i) immediately upon receipt of such order notify the Disclosing Party of such order; and (ii) make and cooperate with the Disclosing Party in making, if available under applicable law, a good faith effort to obtain a protective order or other appropriate determination against or limiting disclosure or use of the Proprietary Information.
- 22.6. Each Disclosing Party shall endeavor to affix or incorporate in any tangible Proprietary Information it Discloses to the Receiving Party an appropriate statement identifying the information as the Disclosing Party's Proprietary Information, such as "[Disclosing Party] Proprietary Information", or "[Disclosing Party] Confidential Information", or words of like meaning, clearly expressed. The Disclosing Party shall, after Disclosing Proprietary Information other than in tangible form, endeavor to: (i) promptly confirm the Disclosure, (ii) reduce the Proprietary Information to writing and (iii) identify the information as the Disclosing Party's Proprietary Information in the manner described above. However, the Disclosing Party's failure to so affix or incorporate or confirm shall not affect such information's or material's character as the Disclosing Party's Proprietary Information under this Agreement.

23. INTELLECTUAL PROPERTY INDEMNIFICATION

23.1. By Solectron

Solectron shall defend, indemnify and hold harmless Trimble, its Affiliates and its and their customers from and against any costs, expenses, damages, judgments and liabilities of any kind, including reasonable attorneys' fees and costs, arising from or related to any claim, suit or other action against Trimble, any of its Affiliates or its or their customers to the extent such claim, suit or action is based upon an assertion that (i) the Manufacturing Standards, Solectron's Proprietary Information or any portion thereof, or (ii) the Product(s) where such claim, suit or action relates to the Manufacturing Standards or Solectron's Proprietary Information; infringe any third party's copyright, trade secrets, patent, trademark and/or trade name, and Solectron shall pay the amount of the settlement or the costs, damages and attorneys' fees and costs finally awarded by a court in any such suit or action, provided that Trimble:

- 23.1.1. promptly gives Solectron notice of any such claim or threatened or actual suit or action;
- 23.1.2. gives Solectron sole control of the defense and settlement of such claim, suit or action and related settlement negotiations; and

23.1.3. cooperates in the defense of such claim, suit or action.

In the event that in any such suit or action an injunction is entered prohibiting the purchase or sales of any Product(s) by Trimble, any of its Affiliates or its or their customers, Solectron, at its expense, shall (i) procure for Trimble, its Affiliates and its and their customers the right to continue to purchase, sell, market, use and have others sell, market and use the Manufacturing Standards, Solectron's Proprietary Information and/or the Product(s); or (ii) replace or modify the Manufacturing Standards or Solectron's Proprietary Information such that Solectron or Trimble may manufacture or have manufactured Product(s) that are non-infringing while still conforming to the applicable Production File(s).

23.2. By Trimble.

Trimble shall defend, indemnify and hold harmless Solectron and its Affiliates from and against any costs, expenses, damages, judgments and liabilities of any kind, including reasonable attorneys' fees and costs, arising from or related to any claim, suit or other action against Solectron or any of its Affiliates to the extent such suit or claim is based upon an assertion that the Product(s), Trimble's Proprietary Information or any portion thereof infringe any third party's copyright, trade secrets, patent, trademark and/or trade name, and Trimble shall pay the amount of settlement or the costs, damages and attorneys' fees and costs finally awarded by a court in any such suit or action, provided that Solectron:

23.2.1. gives Trimble notice of any such claim or threatened or actual suit or action;

23.2.2. gives Trimble sole control of the defense and settlement of such suit, claim or action and related settlement negotiations; and

23.2.3. cooperates in the defense and settlement negotiation of such suit, claim or action.

Notwithstanding the preceding sentence, Trimble shall have no obligation to Solectron regarding any such claim, suit or action to the extent that such claim, suit or action is caused by, arises from or is attributable to (i) any unauthorized modification of the Trimble Proprietary Information by Solectron; (ii) or Solectron's unauthorized modifications to the Product(s).

23.3. General.

In performing its obligations under this Agreement, each Party agrees that it will not knowingly infringe any patent, copyright, mask work right or trade secret of any third party.

This Paragraph 23 shall survive the expiration or termination of this Agreement in any manner whatsoever. This Paragraph 23 specifies the exclusive remedies of the parties for any alleged infringement or misappropriation of any intellectual property rights of any third party by the Manufacturing Standards or Solectron Proprietary Information provided by Solectron to pursuant to this Agreement and by the Design Specification, Products, Trimble Proprietary Information or Trimble Components provided by Trimble pursuant to this Agreement.

24. LIMITATION OF LIABILITY

EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER, WHETHER IN CONTRACT OR IN TORT, FOR SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND, INCLUDING, WITHOUT LIMITATION, CLAIMS FOR LOST PROFITS OR LOSS OF GOODWILL, EVEN IF THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, BY REASON OF ANY BREACH OR DEFAULT UNDER THIS AGREEMENT. Regardless of the foregoing, this paragraph shall not apply to either Party's breach of the following paragraphs [*].

25. INSURANCE

Each Party shall, at its own expense, maintain comprehensive general liability insurance (including product liability and broad form contractual liability) for not less than [*] per occurrence, during the term of this Agreement and for [*] thereafter. Such insurance shall (i) be in a form and with a carrier or carriers reasonably acceptable to Solectron and Trimble, (ii) list the other Party as an additional named insured, and (iii) provide that such insurance may not be canceled or altered so as to affect the interest of any of the foregoing without at least thirty (30) days' prior written notice to the other Party. Promptly following execution of this Agreement, each Party shall deliver to the other Party satisfactory evidence of such insurance coverage, or an equivalent self-insurance program.

26. TERM OF THE AGREEMENT

- 26.1. Initial Term. The Initial Term of this Agreement shall be three (3) years, beginning on the Effective Date ("Initial Term").
- 26.2. Renewal Term. Trimble shall have two (2) options to extend the Term for periods of one (1) year each ("Renewal Term") upon written notice to Solectron given not less than ninety (90) days before expiration of the then-current Term.
- 26.3. Extended Term. Provided that Trimble does not timely renew the Term as provided in paragraph 26.2, the Term shall continue after any scheduled expiration of the Initial Term or any Renewal Term and until terminated by either Party on not less than ninety (90) days advance written notice to the other effective at or after such scheduled expiration.

27. TERMINATION

- 27.1. This Agreement shall terminate:
 - 27.1.1. On expiration of the Term; or
 - 27.1.2. As the parties may mutually and expressly agree in writing at any time; or
 - 27.1.3. As provided elsewhere in this Agreement; or
 - 27.1.4. As may be decreed by final judgment or order of a court of competent jurisdiction; or

[*]-CERTAIN INFORMATION AS INDICATED ON THIS PAGE HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

- 27.1.5. As otherwise provided by law.

27.2. This Agreement may be terminated:

27.2.1. For Cause.

27.2.1.1. By Trimble, in the event of Solectron's material breach of this Agreement, which within thirty (30) days of Trimble's written notice thereof is neither (i) cured, nor (ii) the subject of a mutually agreed plan to cure, provided, however, that if a material breach is not capable of being cured, Trimble may terminate with immediate effect.

27.2.1.2. By Solectron, in the event of Trimble's material breach of this Agreement, which within thirty (30) days of Solectron's written notice thereof is neither (i) cured, nor (ii) the subject of a mutually agreed plan to cure, provided, however, that if a material breach is not capable of being cured, Solectron may terminate with immediate effect.

27.2.2. For Trimble's Convenience, without cause, upon not less than ninety (90) days advance written notice to Solectron effective at or after the end of the Initial Term, regardless whether Trimble has renewed the Term as provided in Paragraph 25.2.

27.3. Contents of Notice of Termination

When a Party is permitted or required to give written notice of termination under Paragraph 26.2.1 above, such notice shall state with reasonable particularity the nature of the breach, the steps required to cure if such breach is by its nature curable, and either (i) the Party's intent to terminate this Agreement if a curable breach is not cured, or (ii) the Party's election to immediately terminate the Agreement if the breach is not curable.

27.4. Effect of Termination and Notice of Termination

27.4.1. Neither the expiration nor Termination of this Agreement shall relieve either Party of any obligation previously accrued, nor any obligation accruing or arising thereafter under the following paragraphs of this Agreement and any other paragraphs that by their terms so provide: 1 ("Definitions"), 13 ("Records, Audits and Reports"), 17 ("Product Warranty; Epidemic Failure"), 18 ("Warranty Claims and Repair"), 19 ("Parts Supply"), 21 ("Intellectual Property Ownership"), 22 ("Confidentiality"), 23 ("Intellectual Property Indemnity"), 26 ("Termination"), and 28 ("General").

27.4.2. Upon any notice of termination given by either Party for any reason, the exclusivity provided in Paragraph 3 of this Agreement with respect to the manufacture of Products by Solectron for Trimble shall immediately terminate.

27.4.3. Upon Solectron's termination of this Agreement as provided in Paragraph 26.2.1.2, Solectron at Trimble's request shall continue

for a period of twelve (12) months following such termination.

- 27.4.4. Upon or after any notice of termination, any Termination, or any Exclusivity Termination Notice, (i) Solectron will identify to Trimble any Products, Parts, finished goods, work in progress, components or other material for which Trimble is or may become liable under the terms of this Agreement to pay Solectron, and (ii) Solectron at Trimble's request will sell and deliver to Trimble those Parts and assemblies as required under Exhibit 8.2 and such other items as Trimble may elect to purchase, at the price determined under this Agreement.
- 27.4.5. Upon any Termination, Solectron shall complete the production of any Products for which Solectron has accepted a purchase order as of the effective date of such Termination and deliver such completed Products to Trimble within twenty (20) days of the effective date of such Termination provided, however, that if this Agreement was terminated by Trimble for Solectron's default under Paragraph 26.2.1.1, Trimble may direct Solectron to refrain from completing such production and in such event Trimble shall be under no obligation, under this Paragraph 26.4.5 or otherwise under this Agreement, to pay Solectron for any such items or any portions or components thereof. With respect to purchase orders for components that will not be utilized to manufacture Products as set forth above in this Paragraph 26.4.5, Solectron shall not cancel any purchase order accepted by its suppliers for the purchase of Parts, without Trimble's prior written authorization.
- 27.4.6. Upon any Termination or Exclusivity Termination Notice, Trimble shall have a perpetual, non-exclusive, royalty-free license to use and have used the Production Files for Product-related purposes to the extent such use is not otherwise permitted under the terms of this Agreement. Regardless of the foregoing, in no event will Trimble have a license to use or disclose any Solectron Inventions or Trade Secrets.
- 27.4.7. Within fifteen (15) days after a notice of termination is given by either Party to the other, or at least thirty (30) days before any expiration of this Agreement, Solectron shall provide Trimble with all relevant information concerning its outstanding purchase orders for Parts. Trimble may, on or before the effective date of such termination or expiration, elect, at Trimble's sole discretion and in addition to any other rights Trimble may have under this Agreement, none, any one, or a combination of the following options:
- 27.4.7.1 To purchase from Solectron some or all Parts.
- 27.4.7.2. Direct Solectron to cancel, to the extent possible, some or all of the outstanding purchase orders for Parts; or
- 27.4.7.3. Obtain from Solectron an assignment of Solectron's rights and obligations under

the outstanding purchase orders Parts.

If Trimble instructs Solectron to cancel any Solectron purchase order for Parts under Paragraph 26.4.7.2, (i) Solectron agrees to use reasonable efforts to cancel such purchase order; (ii) Solectron shall use reasonable efforts to negotiate an equitable settlement with its suppliers concerning Solectron's financial liability due to the cancellation of such purchase order for Parts; and (iii) if Solectron is unable to cancel any outstanding purchase order for Parts, Trimble shall be liable for Solectron's direct financial liability for such purchase orders and/or their cancellation as provided in Exhibit 8.2.

28. REPRESENTATIONS

28.1. Each Party represents to the other that: (i) it has all requisite power and authority to enter into this Agreement and to carry out the transactions contemplated hereby; (ii) it has the rights, licenses, permits and power to perform all obligations incurred by it under this Agreement; (iii) the execution, delivery and performance of this Agreement are duly authorized; (iv) this Agreement has been duly executed and delivered by it and is a valid and binding obligation of it; and (v) the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby do not conflict with or violate its charter and by-laws, any other contract or agreement to which it is a party, any applicable law or any order or judgment of any court or governmental authority. Solectron represents that all Product(s) purchased and sold pursuant to this Agreement shall be (i) free from any liens or encumbrances and (ii) manufactured, labeled, packaged, sold and Delivered in accordance with all applicable United States federal, state and local laws, orders, regulations, codes and standards (whether or not specifically referenced elsewhere in this Agreement).

28.2. Trimble represents and warrants to Solectron that Trimble and its Affiliates have the right to manufacture and have manufactured the Products.

29. GENERAL

29.1. Force Majeure.

Neither Party shall be liable to the other Party if the performance of any of its obligations under this Agreement is prevented or delayed because of causes beyond its reasonable control including, without limitation, fire, strike, war, insurrection, act of God, law, regulation and embargo of government agency, riot, severe weather, restriction on the use of power or any other cause beyond its reasonable control and not due to such Party's own fault or negligence (an "Excusable Delay"). A Party shall be excused from its performance to the extent caused by such Excusable Delay; provided that such Party (i) gives notice of the Excusable Delay to

the other Party promptly after its occurrence, (ii) uses its reasonable efforts (including executing any disaster plan) to overcome, mitigate and remove the cause of the event preventing or delaying performance, (iii) continues the

performance of all its obligations under this Agreement that are not prevented or delayed and (iv) upon cessation of the Excusable Delay, promptly performs or completes performance of the obligations which were prevented or delayed. Notwithstanding the foregoing, if Solectron's performance is delayed for more than five (5) days due to Excusable Delay, Trimble shall have the right to temporarily and reasonably procure from any other supplier Product(s) which Solectron is unable to supply.

29.2. Assignment; Binding Effect.

Neither Party shall assign or transfer this Agreement or any rights and obligations hereunder without the other Party's prior written consent, which consent may be refused in such Party's absolute discretion. This Agreement and the transactions and other instruments provided for herein shall be binding upon and inure to the benefit of the parties, their legal representatives, successors, and permitted assignees.

29.3. Governing Law.

This Agreement shall be governed by and the legal relations between the parties shall be determined in accordance with the substantive laws of the State of California, without regard to the conflicts of law principles of California.

29.4. Dispute Resolution.

Except for the right of either Party to apply to a court of competent jurisdiction for a temporary restraining order, a preliminary injunction, or other equitable relief pending further action by the arbitrators, all claims or disputes related to or arising from this Agreement or the commercial relationship of the parties that are not resolved by negotiation and mutual agreement shall be submitted to final and binding arbitration before JAMS/ENDISPUTE, or its successor, for arbitration in Santa Clara County, California pursuant to the United States Arbitration Act, 9 U.S.C. ss.1 et seq., unless the parties mutually agree otherwise. Either Party may commence the arbitration process by filing a written demand for arbitration with JAMS/ENDISPUTE, with a copy to the other Party. The arbitration will be conducted in accordance with the provisions of JAMS/ENDISPUTE's Streamlined Arbitration Rules and Procedures in effect at the time of filing of the demand for arbitration. Each Party will select an arbitrator from JAMS/ENDISPUTE's panel of neutrals and together the selected arbitrators shall mutually agree on a third arbitrator. The parties covenant that they shall participate in the arbitration in good faith, and that they shall share equally in its costs, except for attorneys' fees and expenses of witnesses which shall be borne by the Party incurring the fees or producing the witness. The arbitration award shall be in writing and shall specify the factual and legal bases of such award. The arbitration award shall be final and binding, and judgment thereon may be entered by any court of competent jurisdiction. The parties agree that the

arbitration award shall be treated confidentially, and the parties shall not, except as otherwise required by law or court order or to enable its entry or enforcement as a judgment, disclose the arbitration award to any third Party, excluding personnel in their Affiliates and their attorneys

and accountants with a need to know, provided that such recipients agree to be bound by the same restrictions as are contained in this Agreement. The arbitrator shall not have the power to render an award of punitive, exemplary or treble damages. To the extent of any conflict, the provisions of this Agreement shall supersede and control any JAMS/ENDISPUTE rules. The provisions of this Paragraph 28.4 may be enforced by any court of competent jurisdiction, and the prevailing Party in such enforcement action shall recover from the other Party its costs, reasonable attorney fees and expenses, from the other Party.

29.5. No Waiver.

Either Party's (i) waiver of any performance by the other, (ii) waiver of any condition of this Agreement, or (iii) consent to any breach of this Agreement by the other, shall (a) be effective only if expressly set forth in a writing signed by the Party alleged to have waived or consented, and (b) not constitute or require an ongoing waiver of such performance or condition, or consent to any previous, different or subsequent breach, regardless of whether such performance, condition or breach is similar, identical or related, and regardless of the course of dealing which develops or has developed between the Parties.

29.6. Compliance with U.S. Government Export Controls.

If either Party exports any Product or any Proprietary Information, such Party shall comply with the United States Export Administration Act as amended from time to time, with the Export Administration Regulations promulgated from time to time thereunder, all other export laws and regulations of the United States and all amendments, modifications or additions thereto, including all laws and regulations relating to re-export.

29.7. Notices.

All notices, requests and other communications permitted or required to be given pursuant to this Agreement shall be in writing and shall be personally delivered, or sent by recognized delivery service or certified or registered mail with return receipt requested and with all postage prepaid, to the recipient Party at its address set forth below:

Trimble:
Trimble Navigation Limited
Attention: Chief Manufacturing Officer
645 North Mary Avenue
Sunnyvale, CA 94088-3642

Solectron:
Solectron Federal
Systems, Inc.
847 Gibraltar Drive
Milpitas, CA 95035

With Copy To:

With Copy To:

Trimble Navigation Limited
Attention: General Counsel Urgent Notice
645 North Mary Avenue
Sunnyvale, CA 94088-3642

Solectron Corporation
Attention: Corporate
Legal Department
847 Gibraltar Drive
Milpitas, CA 95035

Each such notice shall be effective upon delivery or when delivery is refused. Either Party may, by notice given in compliance with the provisions of this Paragraph 28.7, designate another address for receipt of notice.

29.8. Entire Agreement.

This Agreement, together with its exhibits, constitutes the entire agreement of the Parties respecting its subject matter. It supersedes all prior and contemporaneous communications and understandings and agreements, written or oral, between the parties relative to its subject matter and merges all discussions between them, including, without limitation, the Letter of Intent dated April 19, 1999 between the Parties. Regardless of the above, the Parties acknowledge that they have entered into (i) an Asset Purchase Agreement dated August 10, 1999, for the sale of certain Trimble assets (the "Asset Purchase Agreement") and (ii) a sublease dated August 10, 1999, for Solectron's rental of certain Trimble Sunnyvale facilities (the "Sublease"). The parties agree that (a) this Agreement will not supersede the Asset Purchase Agreement and that the provisions of the Asset Purchase Agreement shall exclusively govern the sales of the applicable assets; and (b) this Agreement will not supersede the Sublease and that the provisions of the Sublease shall exclusively govern the rental of the applicable Trimble facilities. This Agreement may only be amended by subsequent written agreement which is duly executed by the parties.

29.9. Severability

If any provision of this Agreement is determined by any court of competent jurisdiction or arbitrator to be invalid, illegal, or unenforceable to any extent, that provision shall, if possible, be construed as though more narrowly drawn, if a narrower construction would avoid such

invalidity, illegality, or unenforceability or, if that is not possible, such provision shall, to the extent of such invalidity, illegality, or unenforceability, be severed, and the remaining provisions of this Agreement shall remain in effect provided, however, that the court shall have authority and jurisdiction to add to this Agreement a provision as similar in terms and intended effect to such severed provision as may be possible and be legal, valid, and enforceable. If, as a result of the foregoing, a party's material benefits under this Agreement that would have existed but for the operation of the preceding sentence are materially impaired, such party may at such party's election thereafter terminate this Agreement on not less than three (3) months advance written notice to the other party.

29.10. Effect of Title and Headings.

The title of this Agreement and the headings of its articles are included solely for convenience and shall not govern, limit or aid in the interpretation of any terms or provision of this Agreement.

29.11. Construction

The Parties acknowledge and agree that both Parties have participated in the drafting and negotiation of all provisions of this Agreement, and each Party hereby waives and agrees not to assert that any ambiguity should be construed for or against either Party. Except as otherwise specified,

references in this Agreement to Paragraphs and Exhibits are to Paragraphs of, and Exhibits attached to, this Agreement. Except where the context clearly requires to the contrary, "including" shall mean "including, without limitation".

29.12. Nature of Relationship

For the purposes of this Agreement, the Parties are deemed to be independent contractors. It is expressly agreed that this Agreement and the relationship between the parties hereby established do not constitute a partnership, joint venture, agency or contract of employment. Neither Party shall have the authority to make any statements, representations or commitments of any kind, or to take any action, which shall be binding on the other, except as authorized in writing by the Party to be bound. Neither Party shall bind nor attempt to bind the other to any contract or to the performance of any obligation, nor represent to third parties that it has any right to enter into any obligation on the other's behalf.

29.13. Publicity.

Neither Party shall make or issue any publicity, news release, public announcement or communication of any sort with the media, direct or indirect, written or oral, concerning this Agreement or the transactions contemplated by this Agreement without the prior written consent of the other Party, not to be unreasonably withheld.

WITH INTENT TO BE BOUND, Trimble and Solectron have executed this Agreement on the dates indicated below.

Trimble:

Solectron:

TRIMBLE NAVIGATION LIMITED

SOLECTRON FEDERAL SYSTEMS, INC.

By:

By:

Printed Name
and Title:

Printed Name
and Title:

Dated:

Dated:

SOLECTRON CORPORATION

By:

Printed Name
and Title:

Dated:

EXHIBIT 5.6
Manufacturing Support Services

1. MANUFACTURING SUPPORT SERVICES

During the Term, each Party at its sole expense shall perform its services as described below.

2. TRIMBLE'S SERVICES

Except as expressly stated below, or elsewhere in this Agreement, Trimble shall be responsible for product introduction and development services, including without limitation:

2.1. Printed Circuit Board ("PCB") Assembly

In the PCB Assembly area, Trimble shall perform the following manufacturing support services:

- 2.1.1. Creating fixtures and processes for product introduction into manufacturing ("Product Introduction");
- 2.1.2. Creating in-circuit testing ("ICT") programs, fixtures and acceptance or approval standards;
- 2.1.3. Approving an X-ray program for testing Products;
- 2.1.4. Qualifying and validating the processes developed by Solectron as described in paragraph 3.1 of this Exhibit; and
- 2.1.5. Cooperating with Solectron to identify any improvements to the above or other manufacturing processes.

2.2. PCB Testing and Box Build

In the PCB Testing and Box Build area, Trimble shall perform the following manufacturing support services:

- 2.2.1. Creating Product Introduction hardware and software to perform functional, strife and board tests;
- 2.2.2. Creating and validating repeatability and reproducibility of Product Introduction tests;
- 2.2.3. Upgrading test station hardware equipment and software as required;
- 2.2.4. Creating Product Introduction acceptance testing and approval standards;
- 2.2.5. Creating Product Introduction fixtures and processes;
- 2.2.6. Performing reasonable operator training for the Product Introduction materials created by Trimble in this paragraph 2.2;
- 2.2.7. Scheduling shared equipment during the Transition Period (as defined below);
- 2.2.8. Qualifying and validating the processes developed by Solectron as described in paragraph 3.2 of this Exhibit; and

- 2.2.9. Cooperating with Solectron to identify any improvements to the above or other manufacturing processes.

3. SOLECTRON'S SERVICES

3.1. Printed Circuit Board ("PCB") Assembly

In the PCB Assembly area, Solectron shall perform the following manufacturing support services:

- 3.1.1. Building additional or replacement assembly fixtures;
- 3.1.2. Developing different processes for securing Parts to the PCB Assemblies;
- 3.1.3. Procuring, building and maintaining ICT test equipment;
- 3.1.4. Procuring, building and maintaining ICT software and fixtures;
- 3.1.5. Procuring, building and maintaining flying probe test equipment, software, and fixtures;
- 3.1.6. Procuring or developing X-ray software for Trimble's approval;
- 3.1.7. Maintaining approved X-ray software;
- 3.1.8. Procuring and maintaining stencils, other placement equipment, and reflow software;
- 3.1.9. Tracking and reporting yield measurements as required by this Agreement;
- 3.1.10. Maintaining and operating all equipment as necessary to ensure that Products produced on the equipment consistently meet or exceed the quality and other requirements of this Agreement and good commercial practices;
- 3.1.11. Coordinating Corrective Action Reports as required by this Agreement; and
- 3.1.12. Cooperating with Trimble to identify and, upon Trimble's approval, implement any improvements to the above or other manufacturing processes.

3.2. PCB Testing and Box Build

In the PCB Testing and Box Build area, Solectron shall perform the following manufacturing support services:

- 3.2.1. Maintaining, including troubleshooting, calibrating, and performing mechanical maintenance for assembly fixtures and test stations;
- 3.2.2. Tracking and reporting yield measurements as required by this Agreement;
- 3.2.3. Procuring such commercially-available equipment (including MAPS Packages and assembly aids) as is necessary to perform its obligations under this Agreement;
- 3.2.4. Coordinating Corrective Action Reports as are required by this Agreement;
- 3.2.5. Training new Solectron personnel in the use of the equipment furnished by Trimble;
- 3.2.6. Creating design analysis reports as required by this

Agreement;

- 3.2.7. Maintaining and operating all equipment as necessary to ensure that Products produced on the equipment consistently meet or exceed the quality and other requirements of this Agreement and good commercial practices;
- 3.2.8. Procuring, installing and maintaining Strife testing and ESS equipment as specified by Trimble in the Manufacturing Standards; and
- 3.2.9. Cooperating with Trimble to identify and, upon Trimble's approval, implement any improvements to the above or other manufacturing processes.

4. TRIMBLE ASSISTANCE DURING TRANSITION

During the first twelve (12) months following the Effective Date ("Transition Period") Trimble shall provide to Solelectron such assistance as Trimble, in its business judgment, determines is reasonable to assist Solelectron in performing its obligations described in paragraph 3 above.