

ZFx86 Production & End-of-Life Policy

This document describes the production longevity and end-of-life notification policies of ZF Micro Solutions, Inc. regarding semiconductor products.

Introduction

ZF Micro Solutions is in the embedded market, not the consumer market. We are committed to meet the unique needs of the embedded market. Our goal is to enable OEMs to bring profitable, innovative, reliable embedded products to market faster than their competitors and keep them in the market long enough to provide a return on investment appropriate to the embedded market.

The Product philosophy of ZF Micro Solutions is that "Reliability and Ease of Use" is more important than "Leading Edge Technology".

The company's embedded market focus means that ZF products are designed specifically for embedded applications. Our "Natively Embedded" products are not discarded from the desktop market – they are conceived from the ground up to meet the needs of embedded control applications. Our design process is intended to reduce the likelihood that OEM products must be constantly redesigned due to peripheral component obsolescence. The ability of ZF's OEM customers to achieve appropriate return on investment is always a foremost consideration in our designs and strategic decision process.

Production Life Goal

ZF Micro Solutions plans to produce the ZFx86 for a minimum period of at least five (5) years from the date of entering full production of the latest revision. Current plans are to produce the ZFx86 through 2015 but this may be extended when the design is retargeted to smaller production geometry. For example, it is the company's plan to have the ZFx86BGA388-x in its current process version (.25-micron technology) available for at least five years after it began shipment in June 2006. When availability of the current fabrication process technology becomes a limiting factor ZF will do a retargeting to a smaller geometry and we expect that process would prolong the production life another five years from the retargeting date. Although retargeting may increase performance and lower power consumption, the goal of such an effort would be to maintain functionality and have the retargeted device be pin-to-pin compatible with the current device.

As we add products to our line we will not automatically end-of-life existing products to force upgrading. We realize that production stability is required in the embedded market and focus our business model to those needs.

End-of-Life (EOL) Notification Policy

Should a ZF semiconductor product begin to reach a point where the market itself is no longer demanding production it is the intention of ZF Micro Solutions to give customers at least a 12 month EOL notification subject to circumstances within the control of the company.

Customers will have twelve (12) months to place final orders after the date of EOL notification and fifteen (15) months from the date of issue of the EOL notice to accept delivery.