

**INTEVAC INTERNATIONAL
SALES REPRESENTATIVE AGREEMENT**

AGREEMENT, effective 16 December 1996 ("effective date"), is between Intevac, Inc., through its Lotus Technology Division (herein "Manufacturer") having a place of business at 130-C Knowles Drive, Los Gatos, CA 95030, and Chung Song Systems Co. (herein "Representative") having its principal place of business at 438-1 Mogok-Dong, Pyungtaek, Kyungki-Do, Korea 459-040.

In consideration of the mutual covenants contained herein the parties agree as follows:

1. REPRESENTATIVE AGREEMENT

While this Agreement remains in effect, Representative shall act as a local sales representative of Manufacturer for the products and in the territory described below and shall actively promote the purchase and use of the specified products in said territory, all according to the terms and conditions contained herein.

Products (herein "Products") means the items listed in Appendix 1 of this Agreement.

If Manufacturer discontinues the manufacture or sale of any products, or related equipment or accessories, the discontinued items shall be automatically deleted from this Agreement at the time they are discontinued. Manufacturer shall not be under any obligation to continue such manufacture. Manufacturer may, in its sole discretion and without any obligation to Representative whatsoever, discontinue any product or introduce new products or altered products.

Territory (herein "Territory") means the Republic of Korea

2. PRODUCTS OF OTHERS

Subject to the limitations stated below, Representative shall have the right to act as a sales representative for the products of others. During the term of this Agreement, Representative shall not manufacture or act as distributor, sales representative or agent as to any products competitive in function or use with the Products.

3. SCOPE AND LIMITATION OF AUTHORITY

Representative shall act solely as an independent contractor with no power or authority to act for, bind, or commit Manufacturer. Only Manufacturer has the authority to establish the quoted prices. Orders shall not be final and binding until accepted in writing by Manufacturer. Any order may be rejected by Manufacturer for any reason, including without limitation reasons of customer credit, customer specifications, quantities, and delivery schedules.

Representative shall not make quotations or write letters under the name of Manufacturer, but in every instance shall sign with its own firm name. Manufacturer shall have the right to quote directly and to sell to any customer at any time. The name of Manufacturer shall not appear on stationery used by Representative except as a marginal note showing "Commission Representative of Manufacturer."

Representative shall have complete control over, and shall pay all the costs and expenses of its business. Said costs and expenses shall include, but are not restricted to, the cost of merchandise purchased, commissions and discount allowances to its representatives and distributors, rent, salaries, and all taxes imposed other than by reason of direct sales made hereunder by Manufacturer to customers procured by Representative.



Representative shall not apply for any trademarks used by Manufacturer. Representative shall not use such trademarks either on its own products or on any other non-Manufacturer product(s) or in any other way use or authorize the use of such trademarks, unless approved by Manufacturer in writing.

Except as required to carry out its obligations hereunder, Representative shall not at any time use or disclose or permit the use of any confidential or proprietary data concerning the Products. Upon termination of this Agreement, Representative shall forthwith deliver to Manufacturer all confidential and proprietary data and information it then possesses concerning the Products.

4. SALES RESPONSIBILITY AND CUSTOMER SERVICE

General:

Representative shall promote the sale of the Products in the Territory, shall deal fairly and openly with customers for Products, shall maintain a sales organization trained with sufficient product knowledge to provide competent technical and sales assistance and advice to customers in the selection, use and application of the Products, and shall comply with performance quotes as established by Manufacturer with Representative and communicated in writing to Representative. Representative shall advise Manufacturer on market potentials, trends and forecasts in the Territory, the credit of present and prospective customers, competition, marketing techniques, current developments in the Territory and changes of regulations and practices governing the importation of Products from Manufacturer; assist and cooperate with engineers, service and sales personnel of Manufacturer, and the applicable manufacturing of Manufacturer with regard to sales of Products, and during trips to the Territory; and assist Manufacturer in collecting sums due Manufacturer from customers on any sales for which commissions will be payable or have been paid to Representative.

Demonstration Equipment & Facility:

As a condition of this Agreement, Representative agrees to purchase for demonstration purposes within three (3) months of the signing of this document, one Lotus Model 5000 (a special 2-spindle version) stiction/friction tester, and one Model 60DLi Electronic Torque Meter. The purchase price will be at a fifty percent (50%) discount from the Manufacturer's U.S. Prices. A Purchase Order must be issued and include the standard Manufacturer's terms as included in Attachment A. The first payment shall be made within three (3) months of the signing of this document. If such a Purchase Order and first payment is not received within the three (3) month period, Manufacturer shall have the right to cancel this agreement in full or in part.

Representative agrees to maintain a demonstration facility in Korea for Manufacturer's equipment as described.

5. BUSINESS CONDUCT POLICY

It is Manufacturer's policy that, except for minor social courtesies and recognized legitimate business expenses openly paid and fully documented in records of account, no direct or indirect disbursement of money, goods, or services to or for customer's employees or others shall be made to influence a decision to purchase Manufacturer products or services, and that Manufacturer will not enter into or consummate any transaction where it has information that such a disbursement has been or is intended to be made. Representative agrees not to make, or to permit its employees or agents to make, any such disbursements with respect to sales or prospective sales of Manufacturer products or services.

In the event that Manufacturer has information that any such disbursement has been or is to be made with respect to a transaction relating to the Products, then, in addition to any other remedies Manufacturer may have for breach of this Agreement, Manufacturer in its discretion may take any

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one or more of the following courses of action without thereby having been deemed to have made an election:

- A. Give notice of termination for default in accordance with the Termination for Default provisions contained herein.
- B. Until the matter is settled or explained to Manufacturer's satisfaction:
 - (1) Decline to accept any further orders received by it pursuant to this Agreement;
 - (2) Suspend delivery of or cancel any undelivered orders already accepted by it pursuant to this Agreement;
 - (3) Withhold payment of any sums which may be due Representative from Manufacturer.

6. PRODUCT INFORMATION

Subject to restriction imposed by law, Manufacturer shall provide Representative with product information, technical data and promotional materials for and information on delivery and availability of Products, quotations, acknowledgment, change orders, and cancellations, information concerning changes in terms and conditions of sale, and other data and information pertinent to obtaining, processing and completion of an order. Upon termination of this Agreement, Representative shall forthwith deliver to Manufacturer all such data, information and materials it then possesses.

7. SERVICE & SUPPORT

Representative shall have service responsibility in its Territory for Products. Responsibilities include, but are not limited to, labor associated with (i) installation training and setup of equipment in accordance with Manufacturer's instructions, and upgrading those items which can be field upgraded (ii) warranty repair or replacement service in accordance with the Intevac warranty terms. Any parts required for the aforementioned effort will be provided by Manufacturer. Representative may, with prior written approval from Manufacturer, conduct other Product maintenance and/or upgrade services which are not included under warranty or retrofit as may be negotiated.

Representative shall maintain a field service engineering organization to fulfill this obligation and shall maintain on its staff at all times qualified personnel of a high technical competence and with a thorough knowledge of Products. Representative will send an engineer to Manufacturer for a period of approximately one week to receive training in the operation and maintenance of the Manufacturer equipment. The engineer will be able to understand basic electro-mechanical machinery, including digital electronics and software. Manufacturer will provide a field service engineer to assist in the first installation of the Products sold in the Territory, but Representative will be responsible for installing Products thereafter. Manufacturer agrees to send a field service engineer on occasion to assist in other major installations providing Representative or customer agrees to pay the air fare and a per diem. It is understood, however, that the responsibility for installation and support remains with Representative, irrespective of the availability of a field service engineer, and that Manufacturer agreeing to support a first installation is only for the purpose of ensuring the completeness of the knowledge gained by the Representative's engineer in the training sessions held at the Manufacturer's location.

Representative will provide Manufacturer with a secured location for the storage of spare parts and will maintain inventory records on any such spares stored at the Representative's location. Inventory records will be made available to the Manufacturer upon Manufacturer's request.



It is the intent of this Agreement that as the market in said Territory expands Representative will take steps necessary to expand its technical knowledge and service capability to the extent that it is economically desirable and feasible.

8. TERMS AND CONDITIONS OF SALE

Unless otherwise provided by Manufacturer, acting in its sole discretion, the terms of sale on all sales of Products shall include the standard terms and conditions of sale established by Manufacturer from time to time for Products and any additional terms and conditions of sale required by the applicable manufacturing of Manufacturer. The current terms and conditions of sale for Products are attached as Schedule A.

9. COMMISSIONS AND PAYMENTS

Representative's compensation for services performed hereunder shall be paid and payable as a commission. No other compensation shall be paid or payable to Representative hereunder.

Commissions shall be payable in accordance with the schedule set forth in Appendix 1 of this Agreement in accordance with the terms and conditions stipulated herein. With respect to sales made directly from the United States for shipment to customers within the aforesaid Territory, commissions payable shall be payable in accordance with the schedule set forth in Appendix 1 of the Agreement. Commissions are due and payable within ten (10) days of receipt of Manufacturers' customer payment. Commissions shall be payable by Manufacturer to Representative hereunder on the "Base Export Price" of the Manufacturer's Products shipped into the Representative's territory. There shall be deducted from any sums due Representative:

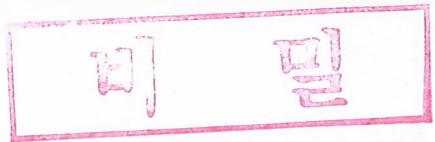
- i) An amount equal to commissions previously paid or credited on sales of Manufacturer's products which have since been returned by the customer or on allowances credited to the customer for any reason by the Manufacturer;
- ii) An amount equivalent to commissions previously paid or credited on sales for which Manufacturer shall not have been fully paid by the customer whether by reason of the customer's bankruptcy, insolvency, or any other reason which, in Manufacturer's judgment, renders the account more than sixty (60) days past due (if any sums are ever realized upon such delinquent or uncollectible accounts, Manufacturer will pay Representative its percentage of commissions applicable at the time of the original sale upon the net proceeds of such collection);
- iii) An amount equal to the cost of any evaluation units not returned or other property of the Manufacturer not returned upon request; and/or
- iv) An amount equal to any invoices due for product purchased by Representative from Manufacturer that are not paid within ninety (90) days from date of invoice.

10. BASE EXPORT PRICE

The term "Base Export Price" shall be deemed to mean the actual export price exclusive of export packing charges, handling, shipping and insurance charges, and taxes or duties, subject to such adjustment as Manufacturer in their sole discretion may deem appropriate with respect to any particular sale or sales.

11. GOVERNMENT REGULATIONS

Representative shall not solicit orders for sale of products to or for the use of any ultimate purchaser which Manufacturer could not deal with under laws or regulations applicable in any country having jurisdiction, including the export regulations of the United States Government which may prohibit certain Products from being diverted, transshipped or re-exported to any destination



not described in the shipping documents without prior authorization from the United States Government. Representative shall comply with all laws and regulations applicable in all countries having jurisdiction with respect to Products, their sale, and this Agreement. If the applicable laws or regulations of any jurisdiction prohibit any portion of this Agreement, it shall automatically be void and separated from the remainder of this Agreement, or Manufacturer at its sole option may terminate this Agreement immediately by written notice, without any further obligation to Representative.

Representative shall use its best efforts to ensure that Manufacturer products including the Products are not sold, transferred or diverted outside the Territory or to firms listed in the U.S. Department of Commerce Table of Denial and Probation Orders, or are not otherwise sold, transferred or diverted in violation of any applicable U.S. export statutes or regulations or in violation of the terms of any applicable U.S. Government orders or export licenses, without the express written permission of the U.S. Department of Commerce, or of the U.S. Office of Munitions Control, or of any other cognizant U.S. Government agency, as applicable. Representative shall also use its best efforts to ensure that no Manufacturer products are sold or disposed of for use in designing or fabricating nuclear weapons, in nuclear weapons tests or explosions, or in fabrication of nuclear fuel. Representative shall promptly advise Manufacturer in writing of any known or suspected sale, transfer or diversion in violation of the foregoing.

Representative agrees to maintain all records of sale or re-export of Manufacturer products for a period of not less than two (2) years, and shall forward any required records to Manufacturer or the U.S. Government as requested, and shall permit periodic audits by Manufacturer or the U.S. Government to verify compliance.

12. ASSIGNMENT

Neither party shall assign, in whole or in part, this Agreement or its respective rights or obligations hereunder without the express prior written consent of the other, including any assignment by merger dissolution, or operation of law, and absent such consent any assignment shall be null and void. Such approval shall not be unreasonably withheld.

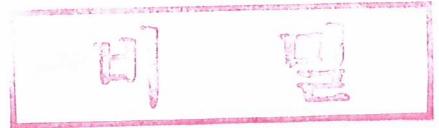
13. TERM

The term of this Agreement shall begin on the effective date hereof and terminate one (1) year after the effective date hereof unless earlier terminated pursuant to Paragraph 12 or 14. This Agreement may be renewed or extended for an additional period by mutual written agreement of the parties.

14. TERMINATION

A. Termination For Default

If it appears that either party hereto is in default under this Agreement, the other party may give written notice of such default. If the defaulting party fails to cure such default within thirty (30) days from the date of the notice, this Agreement may then be terminated by the other party on one (1) day's notice by a second written notice. Such termination shall be without prejudice to any other rights or claims the aggrieved party may have against the defaulting party. Defaults under this Agreement include, but are not limited to, assignment or purported assignment by Representative of this Agreement without Manufacturer's consent; transfer or material change of ownership, control, management or personnel of Representative's business organization after the date hereof; actual or threatened bankruptcy, receivership, or insolvency proceedings; and failure to meet performance quotas.



B. Termination By Notice

Any other provision of this Agreement to the contrary notwithstanding, this Agreement may be terminated by either party with or without cause or default upon not less than ninety (90) days' written notice to the other party unless an earlier time is mutually agreed upon. Manufacturer may terminate this Agreement in whole or as to any product immediately upon written notice to Representative in the event manufacture of the Products or any line of Products is discontinued by Manufacturer or control thereof is transferred to a third party, whether by purchase, merger, operation of law or otherwise, or the same is no longer offered for sale by Manufacturer to third party customers as a stand alone product.

C. Effect of Termination

- (1) Termination of this Agreement by either party shall not affect commissions earned by Representative on orders accepted by Manufacturer prior to the effective date of termination, regardless of when shipments actually are made or when invoices are rendered. The manufacturing of Manufacturer shall not unreasonably withhold or delay acceptance of orders prior to termination, but neither shall it be required to handle any orders other than in its ordinary and customary manner.

No commissions shall be paid or payable on any order which has not been accepted by the manufacturing of Manufacturer by the effective date of termination nor shall Representative thereafter be entitled to any other compensation or remuneration for damages, loss of anticipated profits or commissions, or otherwise. Upon the effective date of termination, all rights of Representative to act as sales representative hereunder shall cease, and except as to claims, rights and obligations arising prior to that date, including but not limited to the obligation to return all data, information and materials as required in Paragraphs 3 and 6 hereof, neither party shall thereafter have any obligation to the other.

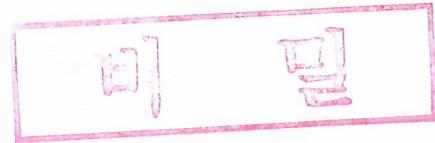
- (2) Except as expressly provided herein, Manufacturer shall not be liable for and Representative shall not be entitled to i) any compensation or remuneration for damages, loss of prospective profits on anticipated sales, loss of investments, commitments, or expenditures in connection with its business, ii) any commissions, discounts, or fees, iii) any incidental, consequential, or special damages resulting from or in any way related to the termination and/or breach of this Agreement or any related contract of sale, or iv) any penalties of any kind.

15. CHANGES AND WAIVER

This Agreement may not be changed, revoked or waived except in writing signed by both parties. Any waiver by either party or any right or interest hereunder or of any breach or default shall not constitute or imply any subsequent waiver of the same or any other right or interest or of any future breach or default.

16. NOTICES

Notices may be served personally, or may be mailed to the party at its address herein set forth, or at such other address as such party may provide in writing from time to time. Any such notice shall be effective upon receipt.



17. PERFORMANCE

Manufacturer shall not be liable in any way because of any delay or failure to perform hereunder which is due in whole or in part to strike, riot, war, fire, accident, transportation conditions, act of God, curtailment or failure to obtain electrical or other energy supplies, supplier, customer or Government caused delays, inability to obtain labor, materials, or manufacturing facilities, compliance with any law, regulation, or order whether valid or invalid or any governmental body or instrumentality thereof, or due to any unforeseen circumstances or causes beyond the control of Manufacturer.

18. OWNERSHIP AND EMPLOYEES

This Agreement has been entered into by Manufacturer relying upon Representative's present organization and personnel. Representative shall immediately advise Manufacturer of any changes affecting Representative's ability to perform hereunder or any change affecting the ownership or control of Representative.

19. SOLE UNDERSTANDING

This Agreement is the entire and sole agreement and understanding of the parties with respect to the subject matter and supersedes all other prior agreements, understandings and communications, whether oral or written. Representative agrees that this Agreement is entered into solely with Manufacturer, and that except as expressly provided herein, it shall neither be binding on nor in any other way affect Manufacturer.

20. APPLICABLE LAW AND JURISDICTION

This Agreement shall be construed in accordance with the laws of the State of California, U.S.A. Jurisdiction for disputes under this Agreement shall be a court of competent jurisdiction for Manufacturer's place of business specified hereinabove, and Representative hereby consents to the jurisdiction of such court and agrees to appear in any action filed hereunder upon written notice thereof. Notwithstanding the foregoing, where third parties are or may be involved, Manufacturer may require any dispute to be resolved in a court of competent jurisdiction in a place designated by Manufacturer when necessary, in Manufacturer's sole judgment, to resolve all questions relating to the dispute in one action. Representative's sole remedy hereunder shall be such commissions or fees as to which it may be entitled. In no event shall Manufacturer be liable for lost profits or for incidental or consequential loss or damage of any kind, and all liability of any of them as to any claim relating to any product of any of them shall be limited to the payment, if any, actually received which is the subject of claim or dispute and such liability shall cease one (1) year from the date of accrual of the cause of action relating thereto.

21. ENCLOSURES



The following enclosures are an integral part of this Agreement:

Appendix 1 - Products & Commission Schedule
Schedule A - Standard Terms & Conditions

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first hereinabove written.

INTEVAC, INC.

Stanley D. Marshall
("Manufacturer" Signature)

Contracts Manager
(Name/Title)

December 10, 1996
(Date)

CHUNG SONG SYSTEMS COMPANY

T. H. Lee

("Representative" Signature)

YANG-HO BAE / EXECUTIVE
DIRECTOR
(Name/Title)

DEC. 11 1996
(Date)

APPENDIX 1
PRODUCTS & COMMISSIONS



Products

The Products covered by this agreement are the Lotus Technology Division's CSS Test Systems.

Commission

A commission will be paid to the Representative on each invoice submitted to customer in the Territory, in accordance with the Agreement and based on the net invoice price. The commission shall be 13%, for systems and for spare parts.

SCHEDULE A
STANDARD TERMS

Standard Terms & Warranty

For your information when talking to customers, our standard terms and warranty are as follows:

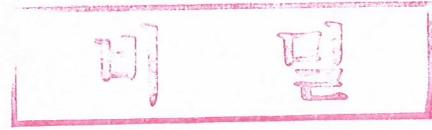
All prices are quoted FOB Los Gatos, CA, and are subject to applicable sales tax and customs charges, if any. Quotes are valid for 30 days, and are denominated in U.S. dollars. Payments are in U.S. dollars and effected by letter of credit. Payment terms are one-third (1/3) down with purchase order, and the balance due upon shipment, net 5 days. There is a cancellation charge of 25% for any order canceled within thirty days of the P. O. date, and 50% thereafter.

Delivery of systems is typically 8 weeks ARO, though exceptions apply, and a more precise delivery schedule will be stated as part of a quote.

Manufacturer warrants its systems for twelve months and strain arms for four months from the date a system is shipped to Korea. The warranty covers parts and labor for defects in materials or workmanship. The terms of the warranty require the return of the equipment to Manufacturer, freight prepaid, for examination. A minimum charge will be made for examination and diagnostics for equipment repairs not covered by the warranty. No charge is made for repairs covered by the warranty. After repairs are made the equipment will be returned freight collect. Any damage caused by improper use of the equipment is excluded from the warranty.

Setup and training will be provided in the territory by Representative.

ADDENDUM 1
to
**INTEVAC INTERNATIONAL
SALES REPRESENTATIVE AGREEMENT**



By mutual agreement of the parties, the Sales Representataive Agreement effective 18 April 1997 between Intevac, Inc. ("Manufacturer") and Chung Song Systems Co. ("Representative") is hereby amended to include Manufacturers Disk Lubrication Systems.

Appendix 1 Products is replaced in its entirety with the Addendum 1 Appendix 1, attached hereto.

Appendix 2 Commission Schedule is replaced in its entirety with the Addendum 1 Appendix 2, attached hereto.

All other terms and conditions of the Agreement remain unchanged.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the date last written below.

INTEVAC, INC.

CHUNG SONG SYSTEMS COMPANY

Audrey L. Marshall
("Manufacturer" Signature)

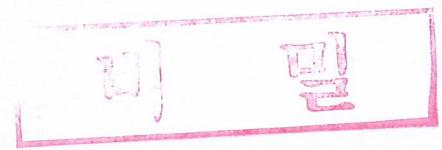
Audrey L. Marshall
Contracts Manager
(Name/Title)

April 21, 1997
(Date)

Ts H. Doe
("Representative" Signature)

TANG-CHU BAE / EXECUTIVE DIRECTOR
(Name/Title)

APR - 24 - 1997
(Date)



**APPENDIX 1
PRODUCTS
(ADDENDUM 1)**

The Products listed below shall be promoted by the Representative in accordance with this Agreement in the Territory stipulated.

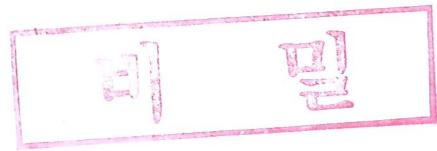
MDP SYSTEMS AND SPARES

D-STAR SYSTEMS AND SPARES

RTP SYSTEMS AND SPARES

DISK LUBRICATION SYSTEMS AND SPARES

**APPENDIX 2
COMMISSION SCHEDULE
(ADDENDUM 1)**



A commission will be paid to the Representative on each invoice submitted to customer in the Territory, in accordance with the Agreement and based on the net invoice price:

FOR MDP SYSTEMS AND SPARES:

Maxmedia Order No. HEA-M00001 for 7 sputtering systems: 1%

For sales made by Chung Song in Korea for delivery in Korea (except systems sold to Hyundai):

Systems:

- 10% for first system at account
- 8% for second system at same account
- 6% for third system and beyond at same account

Spares:

- 10% on all spare parts

Hyundai system orders: On a case-by-case basis.

Any other sales not listed above: On a case-by-case basis.

FOR D-STAR SYSTEMS AND SPARES:

Systems:

- 10% for first system at account
- 8% for second system at same account
- 6% for third system and beyond at same account

Spares:

- 10% on all spare parts

FOR RTP SYSTEMS AND SPARES:

Systems:

- 10% for first system at account
- 8% for second system at same account
- 6% for third system and beyond at same account

Spares:

- 10% on all spare parts

FOR DISK LUBRICATION SYSTEMS AND SPARES:

Systems:

- 10% on all system sales

Spares:

- 10% on all spare parts