

Dear Sir:

**Re: Announcement of Strategic Change In Navigation Interface Division (NID)**

Thank you for your continuous support of Avago and in particular of the Navigation Interface Division's business. We appreciate the business relationship that we have had over the years.


Today, Avago is announcing a Strategic Decision that impacts NID. After careful consideration of the business environment, we have decided to exit the business of manufacturing and selling Mouse and OFN sensors under Avago's brand name, choosing to focus instead on the business model of licensing IP to third parties (e.g. Pixart). We plan to exit the business nominally by July 30<sup>th</sup> 2012.

We have not made this decision lightly, realizing that it impacts our customers, suppliers and employees. As such, we are committed to working with our key stakeholders to minimize any potential disruptions.

I realize this will raise many questions and concerns in the near future. Avago's representatives will therefore be contacting you to address your specific issues and concerns. Once again, I wish to reiterate our commitment to working with you to ensure a smooth transition to alternative suppliers.

Thank you again for your support, and I look forward to a new opportunity where we can collaborate again in the future

Best Regards



Khin-Mien Chong  
VP-GM  
Navigation Interface Division  
Avago Technologies

## **Alternate sourcing support**

Per cross licensing agreement, Pixart has been :

- Licensed to Avago's Supply chain: Vendors, CMs, Fabs
- Trained in the IP and Product Knowledge and Process Controls
- Licensed to ship parts with same part numbers as Avago

Thus, the parts that Pixart ships in replacement of Avago's parts through the cross licensing agreement, are Form, Fit, Function, "Same" parts as Avago's, viz:

- Avagos IPs/Technology and Designs
- Avagos Part Numbers, Date Code markings
- Avago's Supply chain (*including Vendors, Contract Manufacturers, Raw Materials, and Wafers*)
- Avago's Quality Control System

Avago Parts of Pixart's Corresponding Parts

<u>example</u>	<b>Avago Product</b>	<b>Anticipated Pixart's Equivalent</b>
<b>Part Number</b>	ADNS-75XX	ADNS-75XX
<b>Fab</b>	TSMC	TSMC
<b>CM Packaging &amp; Test</b>	Thailand Philippine	Thailand Philippine
<b>Material / Supplier</b>	Per Avago's BOM	Same as Avago's BOM
<b>Unit Marking</b>	A75XX	A75XX <i>Note 1</i>
<b>Package Marking</b>	With Avago "A"	With Avago "A" <i>Note 2</i>
<b>Date Code Marking</b>	XYWWZV	XYWWZV
<b>Collaterals</b>	Avago Brand	Same content, Pixart Brand
<b>Packaging/Box Labels</b>	Avago Brand	Same content, No logo

**Note 1.** At any point of time, where customer buys both Avago and Pixart parts, Pixart's part will carry an "\*" in the unit marking for identification. After customer ceases to buy from Avago, Pixart will remove the "\*".

**Note 2.** Pixart's part will carry Avago "A" logo on the package until Avago tools run out.

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Avago Parts of Pixart's Corresponding Parts

<u>example</u>	<b>Avago Product</b>	<b>Anticipated Pixart's Equivalent</b>
<b>Part Number</b>	ADBS-A3xx	ADBS-A3xx
<b>Fab</b>	TSMC	TSMC
<b>CM Packaging &amp; Test</b>	Thailand	Thailand
<b>Material / Supplier</b>	Per Avago's BOM	Same as Avago's BOM
<b>Unit Marking</b>	A3xx	A3xx <sup>Note 1</sup>
<b>Date Code Marking</b>	YYYWWZ	YYYWWZ
<b>Collaterals</b>	Avago Brand	Same content, Pixart Brand
<b>Packaging/Box Labels</b>	Avago Brand	Same content, No logo

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