



MODULAR DEVICES, INC.

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An ISO 9001:2000 Registered Company

STANDARD MDI POLICY FOR SOURCE/SPECIFICATION CONTROL DRAWINGS JANUARY 1999

High reliability DC/DC converters manufactured by Modular Devices, Inc. are often described by source control or specification control drawings which are either customer generated or MDI generated. The converters described by these drawings can be either standard MDI parts, semi-custom derivatives or full custom parts.

A source or specification control drawing allows a much greater electrical parameter detail than is allowed in a typical data sheet. In addition, it provides a mechanism for denoting any special processing, quality provisions electrical or mechanical testing or data items. However, when source or specification drawings are generated by the customer, differences may arise between how the part actually operates and how the drawing may require the part to operate.

The following describes standard MDI policy regarding source or specification control drawings:

Standard Model Numbers: MDI standard model numbers are defined as those parts which are described in MDI's catalog or other product literature. MDI is continually evaluating product improvements due to circuit changes, construction enhancements and component improvements, etc. On a periodic basis, these design improvements are incorporated into the MDI product line. The results of these improvements include electrical parameter changes, mechanical changes or other functional changes that may result in revision changes in MDI standard models.

In summary, the electrical and performance parameters of MDI standard models are always subject to change to allow the availability of design improvement or improved components and processes. Therefore, MDI cannot accept customer drawings which reference or specify standard MDI model numbers as an exact match for the customer's source or specification control drawings.

Four or Five Digit Model Numbers: MDI assigns a unique four or five digit model number to any part that a) is a standard part that is described by a source or specification control drawing or b) is a part that deviates from an MDI standard part in some way or c) is a custom design. This drawing may be customer generated or MDI generated. The principal purpose of the four or five digit number is configuration control.

When a four or five digit model number is assigned, a unique internal MDI drawing package is generated. This drawing package includes, as a minimum, an assembly drawing, schematic diagram, parts list and electrical test data sheet. These proprietary drawing packages are for MDI internal use only and are not deliverable to the customer. However, the customer may review the drawings at MDI if a current proprietary non-disclosure agreement exists.

When a Customer Develops Source or Specification Drawings:

Customer develops drawing for a standard, derived or full custom part developed prior to initial order placement:

When a customer develops a source or specification control drawing prior to placing an order for the part, the drawing is reviewed by MDI and comments are sent back to the customer. MDI can also furnish recommended burn in circuits, electrical parameters, etc. to assist the customer in preparation of the drawing.

If the customer requires a part number to insert into the drawing, MDI may assign an interim or final part number. Final part numbers are only assigned given an extremely high likelihood of a subsequent order. If an

interim part number has been designated, final four or five digit model numbers are assigned at the time of initial order placement.

When the customer drawing is generated prior to order placement, MDI absorbs the cost of the customer drawing review. However, the customer is responsible for the cost to establish the associated MDI drawing package that corresponds to the customer's source or specification control drawing. These costs are normally due thirty days after order placement.

Customer develops drawing for a standard part after order placement:

When a customer develops a source or specification control drawing for a standard MDI model *after* placing an order for the part, the drawing is reviewed by MDI and comments are sent back to the customer. MDI also can furnish recommended burn in circuits, electrical parameters, etc. to assist the customer in finalization of the drawing.

MDI must assign a four or five digit model number in lieu of the standard part number at the time of the drawing review.

The customer must pay the nominal cost of reviewing and commenting on the customer generated drawing as well as the cost to establish the associated MDI drawing package.

MDI cannot review any customer generated source or specification control drawings that relate to standard MDI models without following this procedure. Alternatively, in the event that the customer's order references a standard MDI model number to a customer generated source or specification control drawing number, the following proviso applies:

In the event that MDI enters an order for a standard MDI model number, and the customer references a source or specification control drawing in the customer's purchase order, it is expressly understood between the customer and MDI that such reference is solely for the convenience of the customer, and that MDI's then current specifications for the standard model number govern any electrical and mechanical aspects of the part.

Customer develops drawing for a non standard part or full custom part after order placement:

In this instance, MDI defines the non-standard or custom part by description, drawing or other means during the quotation process. The order for the part is then placed by the customer. Subsequent to the order being entered, the customer develops a source or specification control drawing.

Upon receipt, the customer's drawing is reviewed by MDI and comments are sent back to the customer. MDI also can furnish recommended burn in circuits, electrical parameters, etc. to assist the customer in finalization of the drawing.

MDI assigns a four or five digit model numbers at the time of the drawing review.

The customer must pay the nominal cost of reviewing the drawing and MDI generating a corresponding unique model number. In the case of a non-standard part derived from an MDI standard part, the non-recurring engineering costs include the generation of the four or five digit drawing configuration control package. Therefore, the customer will only be expected to pay the additional costs for drawing review as well as any costs if changes are required in the hardware as a result of drawing requirements.