

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

Date of Report (Date of earliest event reported): August 29, 2005

DIODES INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation or organization)

1-5740  
(Commission File Number)

95-2039518  
(I.R.S. Employer Identification No.)

3050 East Hillcrest Drive  
Westlake Village, California  
(Address of principal executive offices)

91362  
(Zip Code)

(805) 446-4800  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01. Entry into a Material Agreement.**

On August 29, 2005, Diodes Incorporated (the "Company") entered into a Second Amendment to its U.S. credit agreement with Union Bank of California, N.A. Under the amended credit agreement, the Company now has available a revolving credit commitment of up to \$20.0 million (increased from \$7.5 million), including a \$5.0 million letter of credit sub-facility, and a term loan facility of \$5.0 million.

The revolving credit commitment expires August 29, 2008, and the term loan, which amortizes monthly, matures on August 29, 2010. As of June 30, 2005, the Company had no revolving credit loans outstanding.

Loans to the Company under this facility are guaranteed by its subsidiary, FabTech, Inc.

The \$5.0 million term note (\$4.1 million outstanding at June 30, 2005) under this credit facility is a loan directly to FabTech, which is guaranteed by the Company.

All loans under this credit facility are collateralized by all of the Company's and FabTech's accounts, instruments, chattel paper, documents, general intangibles, inventory, equipment, furniture and fixtures, pursuant to security agreements entered into by the Company and FabTech, Inc. in connection with these credit arrangements.

Both the revolving credit commitment and the term loan bear interest at LIBOR plus 1.15% (the effective rate based on the prior credit agreement terms was LIBOR plus 1.625%).

The purpose of the revolving credit facility is for domestic working capital purposes, and to fund permitted acquisitions.

This credit facility contains covenants that require the Company to maintain a leverage ratio not greater than 2.25 to 1.0, an interest expense coverage ratio of not less than 2.0 to 1.0 and a current ratio of not less than 1.0 to 1.0. It also requires the Company to achieve a net profit after taxes, as of the last day of each fiscal quarter, for the two consecutive fiscal quarters of not less than \$1. The credit agreement permits dividends paid to stockholders such that the dividend does not exceed an amount equal to 50.0% of net profit after taxes for such fiscal year.

In addition, this credit facility limits the Company's ability to dispose of assets, incur additional indebtedness, engage in liquidation or merger, partnership or other combination (except permitted acquisitions). This credit facility also contains customary representations, warranties, affirmative and negative covenants and events of default.

The foregoing summary is qualified in its entirety by reference to the copies of the Second Amendment to Amended and Restated Credit Agreement and the various related agreements attached as exhibits to this Report.

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**Item 9.01. Financial Statements and Exhibits.**

(c) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
10.59	Second Amendment to Amended and Restated Credit Agreement dated as of August 29, 2005, between Diodes Incorporated and Union Bank of California, N.A.
10.60	Covenant Agreement dated as of August 29, 2005, between FabTech, Inc. and Union Bank of California, N.A.
10.61	Revolving Note dated as of August 29, 2005, of Diodes Incorporated payable to Union Bank of California, N.A.
10.62	Term Note dated as of August 29, 2005, of FabTech, Inc. payable to Union Bank of California, N.A.
10.63	Security Agreement dated as of February 27, 2003, between the Company and Union Bank of California, N.A.
10.64	Security Agreement dated as of February 27, 2003, between FabTech, Inc. and Union Bank of California, N.A.
10.65	Continuing Guaranty dated as of December 1, 2000, between the Company and Union Bank of California, N.A.
10.66	Continuing Guaranty dated as of December 1, 2000, between FabTech, Inc. and Union Bank of California, N.A.

**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 thereunto duly authorized.

DIODES INCORPORATED

Date: August 31, 2005

By: /s/ Carl C. Wertz

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Carl C. Wertz,  
Chief Financial Officer

**EXHIBIT INDEX**

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**Exhibit 10.59**  
**SECOND AMENDMENT**  
**TO AMENDED AND RESTATED CREDIT AGREEMENT**

**THIS SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT** ("Second Amendment"), dated as of August 29, 2005, is made and entered into by and between **DIODES INCORPORATED**, a Delaware corporation ("Borrower"), and **UNION BANK OF CALIFORNIA, N.A.**, a national banking association ("Bank").

**RECITALS:**

A. Borrower and Bank are parties to that certain Amended and Restated Credit Agreement dated as of February 27, 2003, as amended by (i) that certain First Amendment dated as of July 6, 2004 and (ii) that certain extension letter dated May 26, 2005 (as so amended, the "Agreement"), pursuant to which Bank agreed to extend various credit facilities to Borrower in the amounts provided for therein.

B. On May 27, 2005, Bank issued, for the account of Borrower, and in favor of Banque Et Caisse D'Epargne De L'Etat, Luxembourg, as beneficiary, that certain Irrevocable Standby Letter of Credit, bearing no. 306S236359, in the original face amount of One Hundred Fifteen Thousand Five Hundred Euros (Euro 115,500) (as at any time amended, the "Existing Standby Letter of Credit"). The Existing Standby Letter of Credit has a current expiry date of May 30, 2006.

C. Borrower has requested that Bank agree to (i) increase the amount of the Revolving Credit Commitment from Seven Million Five Hundred Thousand Dollars (\$7,500,000) to Twenty Million Dollars (\$20,000,000), (ii) extend the Revolving Credit Commitment Termination Date from August 29, 2005 to August 29, 2008, (iii) make a standby letter of credit sublimit of the Revolving Credit Commitment available to Borrower, which shall provide for the issuance by Bank, for the account of Borrower, of one or more irrevocable standby letters of credit in the aggregate face amount at any one time outstanding not to exceed Five Million Dollars (\$5,000,000), and (iv) amend the Agreement in certain other respects. Bank is willing to so amend the Agreement, subject, however, to the terms and conditions of this Second Amendment.

**AGREEMENT:**

In consideration of the above recitals and of the mutual covenants and conditions contained herein, Borrower and Bank agree as follows:

1. **Defined Terms.** Initially capitalized terms used herein which are not otherwise defined shall have the meanings assigned thereto in the Agreement.
2. **Amendments to Section 1 of the Agreement.**

(a) Section 1 of the Agreement is hereby amended by adding a definition of “**Acquisition**” thereto in the appropriate alphabetical order, which shall read in full as follows:

“**Acquisition**’ shall mean any transaction, or any series of related transactions, consummated after the effective date of this Agreement, by which Borrower or any of its Subsidiaries directly or indirectly (a) acquires any ongoing business or all or substantially all of the assets of any Person engaged in any ongoing business, whether through a purchase of assets, a merger or otherwise, (b) acquires control of the securities of a Person engaged in an ongoing business representing more than fifty percent (50%) of the ordinary voting power for the election of directors or other governing position if the business affairs of such Person are managed by a board of directors or other governing body or (c) acquires control of more than fifty percent (50%) of the ownership interest in any Person engaged in an ongoing business that is not managed by a board of directors or other governing body.”

(b) The definition of “**Capital Expenditures Maintenance Amount**” appearing in Section 1 of the Agreement is hereby deleted in its entirety.

(c) The definition of “**Current Ratio**” appearing in Section 1 of the Agreement is hereby amended to read in full as follows:

“**Current Ratio**’ shall mean, as of the last day of any fiscal quarter, calculated for Borrower and its Subsidiaries (other than any Foreign Subsidiaries) on a consolidated basis, the ratio of (a) current assets as of such date, less intercompany Indebtedness, to (b) current liabilities as of such date, less intercompany Indebtedness, in each case as determined in accordance with GAAP. For the purpose of calculating current liabilities hereunder, the aggregate principal amount of those Revolving Loans outstanding under the Revolving Credit Commitment as of such date, the proceeds of which were paid as consideration in connection with any Permitted Acquisition, shall not be considered to be current liabilities.”

(d) The definition of “**Debt Service**” appearing in Section 1 of the Agreement is hereby deleted in its entirety.

(e) The definition of “**Fixed Charge Coverage Ratio**” appearing in Section 1 of the Agreement is hereby deleted in its entirety.

(f) The definition of “**Guarantor Loan**” appearing in Section 1 of the Agreement is hereby amended to read in full as follows:

“**Guarantor Loan**’ shall mean that certain term loan previously made by Bank to Guarantor in the original principal amount of Five Million Dollars (\$5,000,000), which is evidenced by the Guarantor Note and covered by the terms and conditions of that certain Covenant Agreement dated August 29, 2005, by and between Guarantor and Bank.”

(g) The definition of “Guarantor Note” appearing in Section 1 of the Agreement is hereby amended to read in full as follows:

“**Guarantor Note**’ shall mean that certain replacement term note dated August 29, 2005, issued by Guarantor in favor of Bank in the original principal amount of Five Million Dollars (\$5,000,000), together with any and all amendments, extensions, reissuances, renewals or replacements thereof.”

(h) Section 1 of the Agreement is hereby further amended by adding a definition of “**Interest Expense**” thereto in the appropriate alphabetical order, which shall read in full as follows:

“**Interest Expense**’ shall mean, as of the last day of each fiscal quarter, the interest expense of Borrower and its Subsidiaries paid or payable during the four (4) consecutive fiscal quarters ended on such date.”

(i) Section 1 of the Agreement is hereby further amended by adding a definition of “**Interest Expense Coverage Ratio**” thereto in the appropriate alphabetical order, which shall read in full as follows:

“**Interest Expense Coverage Ratio**’ shall mean, as of the date of calculation, calculated for Borrower and its Subsidiaries on a consolidated basis, the ratio of (a) (i) EBITDA for the applicable fiscal period minus (ii) the Capital Expenditures paid or payable during such applicable fiscal period minus (iii) federal and state income tax expense during such applicable fiscal period minus (iv) the aggregate amount of dividends declared or paid by Borrower and its Subsidiaries during such applicable fiscal period minus (v) the aggregate amount paid by Borrower and its Subsidiaries to their shareholders in respect of treasury stock during such applicable fiscal period to (b) Interest Expense for such applicable fiscal period.”

(j) The definition of “**Net Profit After Taxes**” appearing in Section 1 of the Agreement is hereby amended to read in full as follows:

“**Net Profit After Taxes**’ shall mean, for any fiscal period, the after-tax income of Borrower and its Subsidiaries for such fiscal period, as determined in accordance with GAAP. For the purposes of determining Borrower’s compliance with Section 7.8 hereof, ‘Net Profit After Taxes’ shall not include any income adjustments required as a result of the recent GAAP pronouncement on goodwill.”

(k) Section 1 of the Agreement is hereby further amended by adding a definition of “**Net Profit Before Taxes**” thereto in the appropriate alphabetical order, which shall read in full as follows:

“**Net Profit Before Taxes**’ shall mean, for any fiscal period, the pre-tax income of Borrower and its Subsidiaries for such fiscal period, as determined in accordance with GAAP. For the purposes of determining Borrower’s compliance with Section 6.8 hereof, ‘Net Profit Before Taxes’ shall not include any income adjustments required as a result of the recent GAAP pronouncement on goodwill.”

(l) Section 1 of the Agreement is hereby further amended by adding a definition of "**Permitted Acquisition**" thereto in the appropriate alphabetical order, which shall read in full as follows:

"**Permitted Acquisition**' shall mean any Acquisition by Borrower or any of its Subsidiaries (as applicable, the 'acquiror') of another Person, or the business or assets of such Person, engaged in a line of business comparable or complementary to the Business (the 'target'), provided that: (a) no Default or Event of Default shall exist at the time of such Acquisition or occur after giving effect to such Acquisition; (b) such Acquisition shall have been approved by the board of directors or the owners of the target; (c) the pro-forma balance sheets as of the date of such Acquisition (including pro-forma financial covenants) provided by Borrower to Bank shall have demonstrated that, after giving effect to such Acquisition, Borrower would be and would remain in compliance with the financial covenants set forth in Sections 6.5, 6.6, 6.7 and 6.8, inclusive, of this Agreement; (d) if the aggregate cash consideration paid by acquiror in connection with any single Acquisition exceeds Ten Million Dollars (\$10,000,000) or if the aggregate cash and non-cash consideration paid by acquiror in connection with any single Acquisition exceeds Thirty Million Dollars (\$30,000,000), Borrower shall have delivered to Bank, no later than fifteen (15) days prior to the effective date of such Acquisition, a pro-forma compliance certificate of Borrower's chief financial officer or controller, demonstrating that after giving effect to such Acquisition, Borrower would be and would remain in compliance with the financial covenants set forth in Sections 6.5, 6.6, 6.7 and 6.8, inclusive, of this Agreement; and (e) after giving effect to such Acquisition, the Leverage Ratio, as determined on a pro-forma basis, shall not be greater than 2.0 to 1.0."

(m) Paragraph (d) contained in the definition of "**Permitted Indebtedness**" appearing in Section 1 of the Agreement is hereby amended to read in full as follows:

"(d) Indebtedness of Borrower or any of its Subsidiaries incurred to finance the purchase of equipment constituting a Capital Expenditure;"

(l) Paragraph (g) contained in the definition of "**Permitted Indebtedness**" appearing in Section 1 of the Agreement is hereby amended to read in full as follows:

"(g) lease obligations of Borrower or any of its Subsidiaries;"

(n) Section 1 of the Agreement is hereby further amended by adding a definition of "**Second Amendment**" thereto in the appropriate alphabetical order, which shall read in full as follows:

"**Second Amendment**' shall mean that certain Second Amendment dated as of August 29, 2005, by and between Borrower and Bank."



(o) Section 1 of the Agreement is hereby further amended by adding the definitions of “**Standby Letter of Credit Agreements**” and “**Standby Letter of Credit Agreement**” thereto in the appropriate alphabetical order, which shall read in full as follows:

“**Standby Letter of Credit Agreements**’ and ‘**Standby Letter of Credit Agreement**’ shall mean, respectively, (a) the irrevocable standby letter of credit applications and agreements, each on Bank’s standard form therefor, executed by Borrower in connection with the issuance by Bank of the Standby Letters of Credit for the account of Borrower, and (b) any one of such Standby Letter of Credit Agreements.”

(p) Section 1 of the Agreement is hereby further amended by adding the definition of “**Standby Letter of Credit Sublimit**” thereto in the appropriate alphabetical order, which shall read in full as follows:

“**Standby Letter of Credit Sublimit**’ shall have the meaning assigned to such term in Section 2.1A hereof.”

(q) Section 1 of the Agreement is hereby further amended by adding the definitions of “**Standby Letters of Credit**” and “**Standby Letter of Credit**” thereto in the appropriate alphabetical order, which shall read in full as follows:

“**Standby Letters of Credit**’ and ‘**Standby Letter of Credit**’ shall have the meanings assigned to those terms in Section 2.1A hereof.”

### 3. **Amendments to Section 2 of the Agreement.**

(a) Section 2.1 of the Agreement is hereby amended by substituting the date “August 29, 2008” for the date “August 29, 2005” appearing in the second line thereof. Accordingly, from and after the effective date of this Second Amendment, the Revolving Credit Commitment Termination Date shall be August 29, 2008.

(b) Section 2.1 of the Agreement is hereby further amended by substituting the amount “Twenty Million Dollars (\$20,000,000)” for the amount “Seven Million Five Hundred Thousand Dollars (\$7,500,000)” appearing in the seventh and eighth lines thereof.

(c) Section 2 of the Agreement is hereby further amended by adding a new Section 2.1A thereto, which shall read in full as follows:

**“2.1A Standby Letter of Credit Sublimit.** Subject to the terms and conditions of this Agreement, and as a sublimit of the Revolving Credit Commitment, during the period from the effective date of the Second Amendment to this Agreement to but excluding the Revolving Credit Commitment Termination Date, provided that no Event of Default then has occurred and is continuing, and no event has occurred which, with the giving of notice or the lapse of time, or both, would become an Event of Default, Bank shall issue, for the account of Borrower, one or more irrevocable standby letters of credit (collectively, the ‘Standby Letters of Credit,’ and individually, a ‘Standby Letter of Credit’) upon Borrower’s request. Borrower and Bank specifically agree that the sum of (a) the aggregate amount available to be drawn under all outstanding Standby Letters of Credit plus (b) the aggregate amount of unpaid reimbursement obligations under drawn Standby Letters of Credit shall not exceed Five Million Dollars (\$5,000,000) at any one time (the ‘Standby Letter of Credit Sublimit’) and shall reduce, Dollar for Dollar, the amount available to be borrowed under the Revolving Credit Commitment. Each Standby Letter of Credit shall be issued for any purpose acceptable to Bank, in its sole and absolute discretion. Each Standby Letter of Credit shall be drawn on such terms and conditions as may be acceptable to Bank and shall be governed by the terms of (and Borrower agrees to execute) Bank’s standard form Standby Letter of Credit Agreement in connection therewith. No Standby Letter of Credit shall have an expiration date more than two (2) years from its date of issuance or shall expire later than thirty (30) days after the Revolving Credit Commitment Termination Date. Notwithstanding anything to the contrary contained hereinabove, the Existing Standby Letter of Credit shall be treated as a utilization of the Standby Letter of Credit Sublimit and the Revolving Credit Commitment.”

(d) Section 2.4 of the Agreement is hereby amended to read in full as follows:

**“2.4 Purposes of the Credit.**

“(a) The proceeds of the Revolving Loans shall be used for Borrower’s domestic working capital purposes and in connection with Permitted Acquisitions. Without limiting the generality of the foregoing sentence, Borrower shall not use the proceeds of any Revolving Loan directly or indirectly to finance the overseas operations or Capital Expenditures of Borrower or any of its Subsidiaries or to repay or prepay any Subordinated Indebtedness.

“(b) Each Standby Letter of Credit shall be issued by Bank for a purpose permitted by Section 2.1A hereinabove.”

(e) Section 2.11 of the Agreement, which relates to the Revolving Credit Commitment Unused Fee, is hereby deleted in its entirety.

4. **Amendments to Section 6 of the Agreement.**

(a) Section 6.4(a) of the Agreement is hereby amended to read in full as follows:

“(a) **Quarterly Financial Statements.** Within forty-five (45) days after the close of each fiscal quarter (or such later date, in the event that Borrower furnishes Bank, on or before such due date, with a copy of the written approval of the Securities and Exchange Commission, showing that the Securities and Exchange Commission has approved the filing thereof on or before such later date), except for the last fiscal quarter of each fiscal year, a copy of the unaudited consolidated Financial Statements of Borrower and its Subsidiaries, on Form 10-Q, as of the close of such fiscal quarter, prepared in accordance with GAAP (except that such unaudited Financial Statements need not include footnotes and other informational disclosures);”

(b) Section 6.4(b) of the Agreement is hereby amended to read in full as follows:

“(b) **Annual Financial Statements.** Within one hundred twenty (120) days after the close of each fiscal year of Borrower (or such later date, in the event that Borrower furnishes Bank, on or before such due date, with a copy of the written approval of the Securities and Exchange Commission, showing that the Securities and Exchange Commission has approved the filing thereof on or before such later date), a copy of the consolidated Financial Statements of Borrower and its Subsidiaries, on Form 10-K, as of the close of such fiscal year, prepared on an audited basis in accordance with GAAP by an independent certified public accountant selected by Borrower and reasonably satisfactory to Bank;”

(c) Section 6.4 of the Agreement is hereby further amended by deleting the word “and” appearing at the end of subparagraph (d), relettering subparagraph (e) as subparagraph (f), and adding a new subparagraph (e) thereto, which shall read in full as follows:

“(e) Within one hundred twenty (120) days after the close of each fiscal year of Borrower, consolidated financial projections for Borrower and its Subsidiaries for the following fiscal year, prepared by Borrower in form and substance acceptable to Bank; and”

(d) Section 6.5 of the Agreement is hereby amended to read in full as follows:

“**6.5 Leverage Ratio.** Borrower and its Subsidiaries shall maintain a Leverage Ratio of not greater than 2.25 to 1.0 as of the last day of each fiscal quarter.”

(e) Section 6.6 of the Agreement is hereby amended to read in full as follows:

“**6.6 Interest Expense Coverage Ratio.** Borrower and its Subsidiaries shall maintain an Interest Expense Coverage Ratio of not less than 2.0 to 1.0 as of the last day of each fiscal quarter.”

(f) Section 6.7 of the Agreement is hereby amended to read in full as follows:

“**6.7 Current Ratio.** Borrower and its Subsidiaries (other than any Foreign Subsidiaries) shall maintain a Current Ratio of not less than 1.0 to 1.0 as of the last day of each fiscal quarter.”

(g) Section 6.8 of the Agreement is hereby amended to read in full as follows:

“**6.8 Net Profit Before Taxes.** As of the last day of each fiscal quarter, Borrower and its Subsidiaries shall achieve average Net Profit Before Taxes, for the two (2) consecutive fiscal quarters ended on such date, of not less than One Dollar (\$1).”

5. **Amendments to Section 7 of the Agreement.**

(a) Section 7.5 of the Agreement is hereby amended to read in full as follows:

**“7.5 Liquidation or Merger.** Without the prior written consent of Bank, which consent shall not be unreasonably withheld, Borrower shall not, and shall not permit any of its Subsidiaries to, liquidate, dissolve or enter into any consolidation, merger, partnership or other combination, or purchase or lease all or the greater part of the assets or business of another Person; provided, however, that nothing contained herein shall be deemed to prohibit or otherwise restrict Borrower or any of its Subsidiaries from making a Permitted Acquisition.”

(b) Section 7.7 of the Agreement is hereby amended to read in full as follows:

**“7.7 Investments.** Borrower shall not purchase the debt or equity of another Person except (a) for savings accounts and certificates of deposit of Bank and (b) for direct U.S. Government obligations and commercial paper issued by corporations with the top ratings of Moody's Investors Service, Inc. or the Standard & Poor's Ratings Division of McGraw-Hill, Inc., provided that all such permitted investments shall mature within one (1) year of purchase, and (c) in connection with Permitted Acquisitions.”

(c) Section 7.8 of the Agreement is hereby amended to read in full as follows:

**“7.8 Payment of Dividends.** Except for dividends paid by foreign Subsidiaries of Borrower to Borrower and the other shareholders of Subsidiaries, Borrower shall not declare or pay, or permit any of its Subsidiaries to declare or pay, directly or indirectly, during any fiscal year, any dividends, in cash, return of capital or any other form (other than dividends payable in its own common stock), or authorize or make any other distribution with respect to any of its stock now or hereafter outstanding, if the aggregate amount of such dividends and distributions so declared, paid, made or authorized during such fiscal year shall exceed an amount equal to fifty percent (50%) of Net Profit After Taxes for such fiscal year.”

(d) Section 7.10 of the Agreement is hereby amended to read in full as follows:

**“7.10 [Intentionally Deleted].”**

(e) Section 7.12 of the Agreement is hereby deleted in its entirety.

6. **Effectiveness of this Second Amendment.** This Second Amendment shall become effective as of the date hereof when, and only when, Bank shall have received all of the following, in form and substance satisfactory to Bank:

(a) A counterpart of this Second Amendment, duly executed by Borrower and acknowledged by Guarantor where indicated hereinbelow;

(b) A replacement Revolving Note, on Bank's standard form or otherwise in form and substance acceptable to Bank and its counsel, duly executed by Borrower;

(c) An Authorization to Disburse, on Bank's standard form, duly executed by Borrower, authorizing Bank to disburse the proceeds of Revolving Loans under the replacement Revolving Note issued pursuant to this Second Amendment as provided for in the Agreement, as amended hereby;

(d) A legal fee in connection with the preparation of this Second Amendment in the sum of One Thousand Five Hundred Dollars (\$1,500); and

(e) Such other documents, instruments or agreements as Bank may reasonably deem necessary.

7. **Ratification.**

(a) Except as specifically amended hereinabove, the Agreement shall remain in full force and effect and is hereby ratified and confirmed; and

(b) Upon the effectiveness of this Second Amendment, each reference in the Agreement to "this Agreement", "hereunder", "herein", "hereof" or words of like import referring to the Agreement shall mean and be a reference to the Agreement as amended by this Second Amendment, and each reference in the Agreement to the "Revolving Note" or words of like import referring to the Revolving Note shall mean and be a reference to the replacement Revolving Note issued by Borrower in favor of Bank pursuant to this Second Amendment.

8. **Representations and Warranties.** Borrower represents and warrants as follows:

(a) Each of the representations and warranties contained in Section 5 of the Agreement, as amended hereby, is hereby reaffirmed as of the date hereof, each as if set forth herein;

(b) The execution, delivery and performance of this Second Amendment and the execution and delivery of the replacement Revolving Note provided for herein are within Borrower's corporate powers, have been duly authorized by all necessary corporate action, have received all necessary approvals, if any, and do not contravene any law or any contractual restriction binding on Borrower;

(c) This Second Amendment is, and the replacement Revolving Note when delivered for value received will be, the legal, valid and binding obligations of Borrower, enforceable against Borrower in accordance with their terms; and

(d) No event has occurred and is continuing or would result from this Second Amendment which constitutes an Event of Default under the Agreement, or would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

9. **Governing Law.** This Second Amendment shall be deemed a contract under and subject to, and shall be construed for all purposes and in accordance with, the laws of the State of California.

10. **Counterparts.** This Second Amendment may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

**WITNESS** the due execution hereof as of the date first above written.

“Borrower”

**DIODES INCORPORATED**

By: /s/ Carl C. Wertz  
Carl Wertz  
Chief Financial Officer

“Bank”

**UNION BANK OF CALIFORNIA, N.A.**

By: /s/ John Kase  
Title: Vice President

Acknowledgment of Guarantor

The undersigned, as Guarantor pursuant to that certain Continuing Guaranty dated as of December 1, 2000 (the "Guaranty"), hereby consents to the foregoing Second Amendment and acknowledges and agrees, without in any manner limiting or qualifying its obligations under the Guaranty, that payment of the Obligations (as such term is defined in the Guaranty) and the punctual and faithful performance, keeping, observance and fulfillment by Borrower of all of the agreements, conditions, covenants and obligations of Borrower contained in the Agreement are and continue to be unconditionally guaranteed by the undersigned pursuant to the Guaranty.

**FABTECH, INC.**

By: /s/ MaryJo Parsons

Title: Secretary



August 29, 2005

FabTech, Inc.  
777 N.W. Blue Parkway, Suite 350  
Lee's Summit, Missouri 64086-5709

Attention: MaryJo Parsons  
Secretary

Dear Ms. Parsons:

This Covenant Agreement (this "Agreement") is entered into as of the date set forth above between Union Bank of California, N.A., a national banking association ("Bank"), and FabTech, Inc., a Delaware corporation ("Borrower"), with respect to each and every extension of credit (whether one or more, collectively referred to as the "Loan") from Bank to Borrower.

The Loan is evidenced by one or more promissory notes or other evidences of indebtedness, including each amendment, extension, renewal or replacement thereof, which are incorporated herein by this reference (whether one or more, collectively referred to as the "Note"). Any financial statement required by this Agreement must be prepared in accordance with generally accepted accounting principles and in a form satisfactory to Bank. In consideration of the Loan, Bank and Borrower agree to the following terms and conditions:

**Guaranty Requirements**

Diodes Incorporated, a Delaware corporation ("Guarantor"), previously executed and delivered to Bank that certain Continuing Guaranty dated as of April 9, 2004 ("Guaranty"), on Bank's standard form, in the principal amount of Five Million Dollars (\$5,000,000) (exclusive of accrued interest and Bank's expenses, for which Guarantor is also be obligated). Pursuant to the Guaranty, Guarantor has unconditionally guaranteed to pay the Obligations (as such term is defined in the Guaranty) of Borrower to Bank.

**Borrower Collateral**

Borrower's obligations and liabilities to Bank under the Note, this Agreement and any other document, instrument or agreement executed by Borrower is secured by a first priority security interest in all or substantially all of Borrower's personal property, pursuant to the terms and conditions of a Security Agreement, on Bank's standard form, executed by Borrower in favor of Bank. Borrower previously authorized Bank to file a UCC-1 financing statement describing such collateral in the office of the Secretary of State of the State of Delaware or any other jurisdiction desired by Bank. Borrower shall execute and deliver to Bank such other documents, instruments and agreements as Bank may reasonably require in order to effect fully the purposes of this Agreement.

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**Guarantor Collateral**

Guarantor's obligations and liabilities to Bank under the Guaranty and any other document, instrument or agreement executed by Guarantor are secured by a first priority security interest in all or substantially all of Guarantor's personal property, pursuant to the terms and conditions of a Security Agreement, on Bank's standard form, executed by Guarantor in favor of Bank. By executing the Security Agreement, Guarantor authorized Bank to file a UCC-1 financing statement describing such collateral in the office of the Secretary of State of the State of Delaware or any other jurisdiction desired by Bank. Borrower shall cause Guarantor to execute and deliver to Bank such other documents, instruments and agreements as Bank may reasonably require in order to effect fully the purposes of this Agreement.

**Cross-Default Provision**

The occurrence of any Event of Default under the terms and conditions of the Amended and Restated Credit Agreement shall constitute a default under this Agreement and the Note. As used herein, the term "Amended and Restated Credit Agreement" shall mean that certain Amended and Restated Credit Agreement dated as of February 27, 2003, by and between Guarantor and Bank, as amended and as at any time further amended, supplemented, extended, restated or renewed.

**Financial Information**

Borrower shall provide Bank with such financial statements, lists of property and accounts, budgets, forecasts, reports and other financial information as Bank may from time to time request.

Any provision contained within this Agreement that is in conflict with any provision of any prior agreement between Bank and Borrower or Bank and Guarantor shall supersede such provision of such prior agreement. This Agreement shall replace and supersede that certain Covenant Agreement dated July 6, 2004, by and between Borrower and Bank.

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If Borrower is in agreement with the foregoing terms and conditions, please sign and date the enclosed counterpart of this Agreement where indicated below and return same to the undersigned as soon as possible.

Sincerely,

“Bank”

**UNION BANK OF CALIFORNIA, N.A.**

By: /s/ John Kase  
John C. Kase  
Vice President

Address where notices to Bank are to be sent:

Union Bank of California, N.A.  
Commercial Banking Group--  
Great Los Angeles Division  
445 South Figueroa Street, 10th Floor  
Angeles, California 90071  
Attention: John C. Kase  
Vice President  
Telephone No.: (213) 236-7329  
Fax No.: (213) 236-7635

Accepted and Agreed  
as of August 29, 2005:

“Borrower”

**FABTECH, INC.**

By: /s/ MaryJo Parsons

Title: Secretary

Printed Name: MaryJo Parsons

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Address where notices to Borrower are to be sent:

FabTech, Inc.  
777 N.W. Blue Parkway, Suite 350  
Lee's Summit, Missouri 64086-5709  
Attention: MaryJo Parsons  
Secretary  
Telephone No.: (816) 251-8800  
Fax No.: (816) 251-8850

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**REVOLVING NOTE**

Borrower's Name:

Diodes Incorporated

Borrower's Address:

3050 East Hillcrest Drive  
Westlake Village, California 91362-3154

Office:

30361

Loan Number:

0080000000

Revolving Credit Commitment Amount:  
Termination Date:

August 29, 2008

\$20,000,000

Westlake Village,  
California

\$20,000,000

August 29, 2005

**FOR VALUE RECEIVED**, on August 29, 2008 (the "Revolving Credit Commitment Termination Date"), the undersigned ("Borrower") promises to pay to the order of Union Bank of California, N.A., a national banking association ("Bank"), as indicated below, the principal sum of Twenty Million Dollars (\$20,000,000), or so much thereof as is disbursed, together with interest on the balance of such principal from time to time outstanding, at the per annum rate or rates and at the times set forth below. This Revolving Note (this "Note") is the replacement Revolving Note referred to in the Amended and Restated Credit Agreement (as such term is defined hereinbelow) and is governed by the terms and conditions thereof. Initially capitalized terms used herein which are not otherwise defined shall have the meanings assigned to such terms in the Amended and Restated Credit Agreement.

1. **INTEREST PAYMENTS.** Borrower shall pay interest on the outstanding principal amount hereof on the first day of each month, commencing September 1, 2005. Should interest not be paid when due, it shall become part of the principal and bear interest as herein provided. All computations of interest under this Note shall be made on the basis of a year of 360 days, for actual days elapsed.

(a) **Base Interest Rate.** At Borrower's option, amounts outstanding hereunder in minimum amounts of at least \$100,000 shall bear interest at a rate, based on an index selected by Borrower, equal to Bank's LIBOR Rate for the Interest Period selected by Borrower plus one and fifteen one-hundredths percent (1.15%).

The Base Interest Rate may not be changed, altered or otherwise modified until the expiration of the Interest Period selected by Borrower. The exercise of interest rate options by Borrower shall be as recorded in Bank's records, which records shall be prima facie evidence of the amount borrowed at the Base Interest Rate and the interest rate; provided, however, that failure of Bank to make any such notation in its records shall not discharge Borrower from its obligations to repay in full with interest all amounts borrowed. In no event shall any Interest Period extend beyond the Revolving Credit Commitment Termination Date.

To exercise this option, Borrower may, from time to time with respect to principal outstanding on which a Base Interest Rate is not accruing, and on the expiration of any Interest Period with respect to principal outstanding on which a Base Interest Rate has been accruing, select an index offered by Bank for a Base Interest Rate Loan and an Interest Period by telephoning an authorized lending officer of Bank located at the banking office identified below prior to 10:00 a.m., Pacific time, on any Business Day and advising that officer of the selected index, the Interest Period and the Origination Date selected (which Origination Date, for a Base Interest Rate Loan based on the LIBOR Rate, shall follow the date of such selection by no more than two (2) Business Days).

Bank will mail a written confirmation of the terms of the selection to Borrower promptly after the selection is made. Failure to send such confirmation shall not affect Bank's rights to collect interest at the rate selected. If, on the date of the selection, the index selected is unavailable for any reason, the selection shall be void. Bank reserves the right to fund the principal from any source of funds notwithstanding any Base Interest Rate selected by Borrower.

(b) **Variable Interest Rate.** All principal outstanding hereunder which is not bearing interest at a Base Interest Rate shall bear interest at a rate per annum equal to the Reference Rate, which rate shall vary as and when the Reference Rate changes.

If any interest rate defined in this Note ceases to be available from Bank for any reason, then said interest rate shall be replaced by the rate then offered by Bank, which, in the sole discretion of Bank, most closely approximates the unavailable rate.

At any time prior to the Revolving Credit Commitment Termination Date, subject to the provisions of paragraph 4 of this Note, Borrower may borrow, repay and reborrow hereon so long as the total outstanding at any one time does not exceed the principal amount of this Note. Borrower shall pay all amounts due under this Note in lawful money of the United States at Bank's San Fernando Valley Commercial Banking Office, or such other office as may be designated by Bank from time to time.

2. **LATE PAYMENTS.** If any payment required by the terms of this Note shall remain unpaid ten days after same is due, at the option of Bank, Borrower shall pay a fee of \$100 to Bank.

3. **INTEREST RATE FOLLOWING DEFAULT.** In the event of default, at the option of Bank, and, to the extent permitted by law, interest shall be payable on the outstanding principal under this Note at a per annum rate equal to five percent (5%) in excess of the interest rate specified in paragraph 1.b above, calculated from the date of default until all amounts payable under this Note are paid in full.

4. **PREPAYMENT**

(a) Amounts outstanding under this Note bearing interest at a rate based on the Reference Rate may be prepaid in whole or in part at any time, without penalty or premium. Borrower may prepay amounts outstanding under this Note bearing interest at a Base Interest Rate in whole or in part provided Borrower has given Bank not less than five (5) Business Days' prior written notice of Borrower's intention to make such prepayment and pays to Bank the prepayment fee due as a result. The prepayment fee shall also be paid, if Bank, for any other reason, including acceleration or foreclosure, receives all or any portion of principal bearing interest at a Base Interest Rate prior to its scheduled payment date. The prepayment fee shall be an amount equal to the present value of the product of: (i) the difference (but not less than zero) between (a) the Base Interest Rate applicable to the principal amount which is being prepaid, and (b) the return which Bank could obtain if it used the amount of such prepayment of principal to purchase at bid price regularly quoted securities issued by the United States having a maturity date most closely coinciding with the relevant Base Rate Maturity Date and such securities were held by Bank until the relevant Base Rate Maturity Date ("Yield Rate"); (ii) a fraction, the numerator of which is the number of days in the period between the date of prepayment and the relevant Base Rate Maturity Date and the denominator of which is 360; and (iii) the amount of the principal so prepaid (except in the event that principal payments are required and have been made as scheduled under the terms of the Base Interest Rate Loan being prepaid, then an amount equal to the lesser of (A) the amount prepaid or (B) 50% of the sum of (1) the amount prepaid and (2) the amount of principal scheduled under the terms of the Base Interest Rate Loan being prepaid to be outstanding at the relevant Base Rate Maturity Date). Present value under this Note is determined by discounting the above product to present value using the Yield Rate as the annual discount factor.

(b) In no event shall Bank be obligated to make any payment or refund to Borrower, nor shall Borrower be entitled to any setoff or other claim against Bank, should the return which Bank could obtain under this prepayment formula exceed the interest that Bank would have received if no prepayment had occurred. All prepayments shall include payment of accrued interest on the principal amount so prepaid and shall be applied to payment of interest before application to principal. A determination by Bank as to the prepayment fee amount, if any, shall be conclusive.

(c) Bank shall provide Borrower a statement of the amount payable on account of prepayment. Borrower acknowledges that (i) Bank establishes a Base Interest Rate upon the understanding that it apply to the Base Interest Rate Loan for the entire Interest Period, and (ii) Bank would not lend to Borrower without Borrower's express agreement to pay Bank the prepayment fee described above.

Initial Here:   /s/ CW

5. **DEFAULT AND ACCELERATION OF TIME FOR PAYMENT.** Default shall mean the occurrence of an Event of Default under and as defined in the Amended and Restated Credit Agreement. Upon the occurrence of any such Event of Default, Bank, in its discretion, may cease to advance funds hereunder and may declare any and all obligations under this Note immediately due and payable; provided, however, that upon the occurrence of an Event of Default under subsection (d), (e) or (f) of Section 8.1 of the Amended and Restated Credit Agreement, all principal and interest hereunder shall automatically become immediately due and payable.

6. **ADDITIONAL AGREEMENTS OF BORROWER.** If any amounts owing under this Note are not paid when due, Borrower promises to pay all costs and expenses, including reasonable attorneys' fees, incurred by Bank in the collection or enforcement of this Note. Borrower and any endorsers of this Note, for the maximum period of time and the full extent permitted by law, (a) waive diligence, presentment, demand, notice of nonpayment, protest, notice of protest, and notice of every kind; (b) waive the right to assert the defense of any statute of limitations to any debt or obligation hereunder; and (c) consent to renewals and extensions of time for the payment of any amounts due under this Note. If this Note is signed by more than one party, the term "Borrower" includes each of the undersigned and any successors in interest thereof; all of whose liability shall be joint and several. The receipt of any check or other item of payment by Bank, at its option, shall not be considered a payment on account until such check or other item of payment is honored when presented for payment at the drawee Bank. Bank may delay the credit of such payment based upon Bank's schedule of funds availability, and interest under this Note shall accrue until the funds are deemed collected. In any action brought under or arising out of this Note, Borrower and any Obligor, including their successors and assigns, hereby consent to the jurisdiction of any competent court within the State of California, as provided in any alternative dispute resolution agreement executed between Borrower and Bank, and consent to service of process by any means authorized by said state's law. The term "Bank" includes, without limitation, any holder of this Note. This Note shall be construed in accordance with and governed by the laws of the State of California. This Note hereby incorporates any alternative dispute resolution agreement previously, concurrently or hereafter executed between Borrower and Bank.

7. **CHANGE IN CIRCUMSTANCES**

(a) **Inability to Determine Rates.** If, on or before the first day of any Interest Period for any Base Interest Rate Loan, Bank determines that the Base Interest Rate for such Interest Period cannot be adequately and reasonably determined due to the unavailability of funds in or other circumstances affecting the London interbank market, or the certificate of deposit market, as the case may be, which determination by Bank shall be conclusive and binding upon Borrower, Bank shall immediately give notice thereof to Borrower. After the giving of any such notice and until Bank shall otherwise notify Borrower that the circumstances giving rise to such condition no longer exist, Borrower's right to request, and Bank's obligation to offer, a Base Interest Rate Loan shall be suspended. Any Base Interest Rate Loan outstanding at the commencement of any such suspension which affects Base Interest Rate Loans of that type, shall be converted at the end of the then current Interest Period for that loan to a Reference Rate Loan unless such suspension has then ended.

(b) **Illegality.** If, after the date of this Note, the adoption of any applicable law, rule or regulation, or any change therein, or change in the interpretation or administration thereof by any governmental authority, central bank, comparable agency or other Person charged with the interpretation or administration thereof, or compliance by Bank with any request or directive (whether or not having the force of law) of any such authority (a "Change of Law") shall make it unlawful or impossible for Bank to make or maintain a Base Interest Rate Loan, Bank shall immediately notify Borrower of such Change of Law. After Borrower's receipt of such notice, Borrower's right to select, and Bank's obligation to offer, a Base Interest Rate Loan shall be terminated, and the undersigned shall (i) at the end of the current Interest Period for any Base Interest Rate Loan then outstanding, convert such loan to a Reference Rate Loan, or (ii) immediately repay or convert any Base Interest Rate Loan then outstanding if Bank shall notify Borrower that Bank may not lawfully continue to fund and maintain such Base Interest Rate Loan.

(c) **Increased Costs.** If, after the date of this Note, any Change of Law:

(i) shall subject Bank to any tax, duty or other charge with respect to a Base Interest Rate Loan or its obligation to make such Base Interest Rate Loan, or shall change the basis of taxation of payments by Borrower to Bank on such Base Interest Rate Loan or in respect to such Base Interest Rate Loan under this Note (except for changes in the rate of taxation on the overall net income of Bank); or

(ii) shall impose, modify or hold applicable any reserve, special deposit or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances or loans by, or any other acquisition of funds by Bank for any Base Interest Rate Loan (except for any reserve, special deposit or other requirement included in the determination of the Base Rate); or

(iii) shall impose on Bank any other condition directly related to any Base Interest Rate Loan; and the effect of any of the foregoing is to increase the cost to Bank of making, renewing or maintaining a Base Interest Rate Loan beyond any adjustment made by Bank in determining the applicable interest rate for any such Base Interest Rate Loan, or to reduce the amount receivable by Bank hereunder;



then Borrower shall from time to time, upon demand by Bank, pay to Bank additional amounts sufficient to reimburse Bank for such increased costs or reduced amounts. A certificate as to the amount of such increased costs or reduced amounts, submitted to the Borrower by Bank, shall, in the absence of manifest error, be conclusive and binding on Borrower for all purposes.

(d) **Capital Adequacy.** If Bank shall determine that:

(i) any law, rule or regulation, any interpretation or application thereof by any governmental authority, central bank, comparable agency or other Person charged with the interpretation or administration thereof, any directive, request, assessment guideline or other guideline issued by such authority, bank, agency or Person (whether or not having the force of law) or any change in any of the foregoing which is adopted, issued or becomes effective after the date hereof affects the amount of capital required or expected to be maintained by Bank or any Person controlling Bank (a "Capital Adequacy Requirement"); and

(ii) the amount of capital maintained by Bank or such Person which is attributable to or based upon this Note or the amounts outstanding hereunder must be increased as a result of such Capital Adequacy Requirement (taking into account Bank's or such Person's policies with respect to capital adequacy), Borrower shall pay to Bank or such Person, upon demand of Bank, such amounts as Bank or such Person shall determine are necessary to compensate Bank or such Person for the increased costs to Bank or such Person of such increased capital. A certificate of Bank, setting forth in reasonable detail the computation of any such increased costs, delivered by Bank to Borrower shall, in the absence of manifest error, be conclusive and binding on Borrower for all purposes.

8. **DEFINITIONS.** As used herein, the following terms shall have the meanings respectively set forth below: "**Amended and Restated Credit Agreement**" means that certain Amended and Restated Credit Agreement dated as of February 27, 2003, by and between Borrower and Bank, as amended and as at any time and from time to time further amended, supplemented, extended, restated or renewed. "**Base Interest Rate**" means a rate of interest based on the LIBOR Rate. "**Base Interest Rate Loan**" means amounts outstanding under this Note that bear interest at a Base Interest Rate. "**Base Rate Maturity Date**" means the last day of the Interest Period with respect to principal outstanding under a Base Interest Rate Loan. "**Business Day**" means a day on which Bank is open for business for the funding of corporate loans, and, with respect to the rate of interest based on the LIBOR Rate, on which dealings in U.S. dollar deposits outside of the United States may be carried on by Bank. "**Interest Period**" means with respect to funds bearing interest at a rate based on the LIBOR Rate, any calendar period of one (1) month, two (2) months, three (3) months, four (4) months, five (5) months, six (6) months, nine (9) months or twelve (12) months. In determining an Interest Period, a month means a period that starts on one Business Day in a month and ends on and includes the day preceding the numerically corresponding day in the next month. For any month in which there is no such numerically corresponding day, then as to that month, such day shall be deemed to be the last calendar day of such month. Any Interest Period which would otherwise end on a non-Business Day shall end on the next succeeding Business Day unless that is the first day of a month, in which event such Interest Period shall end on the next preceding Business Day. "**LIBOR Rate**" means a per annum rate of interest (rounded upward, if necessary, to the nearest 1/100 of 1%) at which dollar deposits, in immediately available funds and in lawful money of the United States would be offered to Bank, outside of the United States, for a term coinciding with the Interest Period selected by Borrower and for an amount equal to the amount of principal covered by Borrower's interest rate selection, plus Bank's costs, including the cost, if any, of reserve requirements. "**Obligor**" shall mean Borrower and any guarantor, co-maker, endorser, or any Person other than Borrower providing security for this Note under any security agreement, guaranty or other agreement between Bank and such guarantor, co-maker, endorser or Person, including their successors and assigns. "**Origination Date**" means the first day of the Interest Period. "**Reference Rate**" means the rate announced by Bank from time to time at its corporate headquarters as its Reference Rate. The Reference Rate is an index rate determined by Bank from time to time as a means of pricing certain extensions of credit and is neither directly tied to any external rate of interest or index nor necessarily the lowest rate of interest charged by Bank at any given time.

**DIODES INCORPORATED**

By: /s/ Carl Wertz  
Carl Wertz  
Chief Financial Officer

**Exhibit 10.62**  
**TERM NOTE**

Borrower's Name:

FabTech, Inc.

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Borrower's Address:

777 N.W. Blue Parkway, Suite 350  
Lee's Summit, Missouri 64086-5709

Office:

30361

Loan Number:

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Maturity Date:

August 29, 2010

Amount:

\$5,000,000

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Lee's Summit, Missouri

\$5,000,000

Dated: August 29, 2005

**FOR VALUE RECEIVED**, on August 29, 2010 (the "Maturity Date"), the undersigned ("Borrower") promises to pay to the order of Union Bank of California, N.A., a national banking association ("Bank"), as indicated below, the principal sum of Five Million Dollars (\$5,000,000), or so much thereof as is disbursed, together with interest on the balance of such principal from time to time outstanding, at the per annum rate or rates and at the times set forth below. This Term Note (this "Note") shall replace that certain Term Note dated July 6, 2004, in the original principal amount of Five Million Dollars (\$5,000,000), issued by Borrower in favor of Bank, and is the Note generally referred to in the Covenant Agreement (as such term is defined hereinbelow) and is governed by the terms and conditions thereof. Initially capitalized terms used herein which are not otherwise defined shall have the meanings assigned to such terms in the Covenant Agreement.

**1. PAYMENTS**

**PRINCIPAL PAYMENTS.** Borrower shall pay principal in equal consecutive monthly installments, each installment in the amount of Eighty-Three Thousand Three Hundred Thirty-Three Dollars (\$83,333), on the third day of each month, commencing on September 3, 2005. On the Maturity Date, all outstanding principal hereunder shall be due and payable.

**INTEREST PAYMENTS.** Borrower shall pay interest on the outstanding principal amount hereof on the third day of each month, commencing on September 3, 2005. Should interest not be paid when due, it shall become part of the principal and bear interest as herein provided. All computations of interest under this Note shall be made on the basis of a year of 360 days, for actual days elapsed.

(a) **Base Interest Rate.** At Borrower's option, amounts outstanding hereunder in minimum amounts of at least \$100,000 shall bear interest at a rate, based on an index selected by Borrower, equal to Bank's LIBOR Rate for the Interest Period selected by Borrower plus one and fifteen one-hundredths percent (1.15%).

The Base Interest Rate may not be changed, altered or otherwise modified until the expiration of the Interest Period selected by Borrower. The exercise of interest rate options by Borrower shall be as recorded in Bank's records, which records shall be prima facie evidence of the amount borrowed at the Base Interest Rate and the interest rate; provided, however, that failure of Bank to make any such notation in its records shall not discharge Borrower from its obligations to repay in full with interest all amounts borrowed. In no event shall any Interest Period extend beyond the Maturity Date.

To exercise this option, Borrower may, from time to time with respect to principal outstanding on which a Base Interest Rate is not accruing, and on the expiration of any Interest Period with respect to principal outstanding on which a Base Interest Rate has been accruing, select an index offered by Bank for a Base Interest Rate Loan and an Interest Period by telephoning an authorized lending officer of Bank located at the banking office identified below prior to 10:00 a.m., Pacific time, on any Business Day and advising that officer of the selected index, the Interest Period and the Origination Date selected (which Origination Date, for a Base Interest Rate Loan based on the LIBOR Rate, shall follow the date of such selection by no more than two (2) Business Days).

Bank will mail a written confirmation of the terms of the selection to Borrower promptly after the selection is made. Failure to send such confirmation shall not affect Bank's rights to collect interest at the rate selected. If, on the date of the selection, the index selected is unavailable for any reason, the selection shall be void. Bank reserves the right to fund the principal from any source of funds notwithstanding any Base Interest Rate selected by Borrower.

(b) **Variable Interest Rate.** All principal outstanding hereunder which is not bearing interest at a Base Interest Rate shall bear interest at a rate per annum equal to the Reference Rate, which rate shall vary as and when the Reference Rate changes.

Borrower shall pay all amounts due under this Note in lawful money of the United States at Bank's San Fernando Valley Commercial Banking Office, or such other office as may be designated by Bank from time to time.

2. **LATE PAYMENTS.** If any payment required by the terms of this Note shall remain unpaid ten days after same is due, at the option of Bank, Borrower shall pay a fee of \$100 to Bank.

3. **INTEREST RATE FOLLOWING DEFAULT.** In the event of default, at the option of Bank, and, to the extent permitted by law, interest shall be payable on the outstanding principal under this Note at a per annum rate equal to five percent (5%) in excess of the interest rate specified in paragraph 1.b above, calculated from the date of default until all amounts payable under this Note are paid in full.

#### 4. PREPAYMENT

(a) Amounts outstanding under this Note bearing interest at a rate based on the Reference Rate may be prepaid in whole or in part at any time, without penalty or premium. Borrower may prepay amounts outstanding under this Note bearing interest at a Base Interest Rate in whole or in part provided Borrower has given Bank not less than five (5) Business Days' prior written notice of Borrower's intention to make such prepayment and pays to Bank the prepayment fee due as a result. The prepayment fee shall also be paid, if Bank, for any other reason, including acceleration or foreclosure, receives all or any portion of principal bearing interest at a Base Interest Rate prior to its scheduled payment date. The prepayment fee shall be an amount equal to the present value of the product of: (i) the difference (but not less than zero) between (a) the Base Interest Rate applicable to the principal amount which is being prepaid, and (b) the return which Bank could obtain if it used the amount of such prepayment of principal to purchase at bid price regularly quoted securities issued by the United States having a maturity date most closely coinciding with the relevant Base Rate Maturity Date and such securities were held by Bank until the relevant Base Rate Maturity Date ("Yield Rate"); (ii) a fraction, the numerator of which is the number of days in the period between the date of prepayment and the relevant Base Rate Maturity Date and the denominator of which is 360; and (iii) the amount of the principal so prepaid (except in the event that principal payments are required and have been made as scheduled under the terms of the Base Interest Rate Loan being prepaid, then an amount equal to the lesser of (A) the amount prepaid or (B) 50% of the sum of (1) the amount prepaid and (2) the amount of principal scheduled under the terms of the Base Interest Rate Loan being prepaid to be outstanding at the relevant Base Rate Maturity Date). Present value under this Note is determined by discounting the above product to present value using the Yield Rate as the annual discount factor.

(b) In no event shall Bank be obligated to make any payment or refund to Borrower, nor shall Borrower be entitled to any setoff or other claim against Bank, should the return which Bank could obtain under this prepayment formula exceed the interest that Bank would have received if no prepayment had occurred. All prepayments shall include payment of accrued interest on the principal amount so prepaid and shall be applied to payment of interest before application to principal. A determination by Bank as to the prepayment fee amount, if any, shall be conclusive.

(c) Bank shall provide Borrower a statement of the amount payable on account of prepayment. Borrower acknowledges that (i) Bank establishes a Base Interest Rate upon the understanding that it apply to the Base Interest Rate Loan for the entire Interest Period, and (ii) Bank would not lend to Borrower without Borrower's express agreement to pay Bank the prepayment fee described above.

Initial Here: /s/ MP

**5. DEFAULT AND ACCELERATION OF TIME FOR PAYMENT.** Default shall include, but not be limited to, any of the following: (a) the failure of Borrower to make any payment required under this Note when due; (b) any breach, misrepresentation or other default by Borrower, any guarantor, co-maker, endorser, or any person or entity other than Borrower providing security for this Note (hereinafter individually and collectively referred to as the "Obligor") under any security agreement, guaranty or other agreement between Bank and any Obligor; (c) the insolvency of any Obligor or the failure of any Obligor generally to pay such Obligor's debts as such debts become due; (d) the commencement as to any Obligor of any voluntary or involuntary proceeding under any laws relating to bankruptcy, insolvency, reorganization, arrangement, debt adjustment or debtor relief; (e) the assignment by any Obligor for the benefit of such Obligor's creditors of any substantial part of such Obligor's property; (f) the appointment, or commencement of any proceeding for the appointment of a receiver, trustee, custodian or similar official for all or substantially all of any Obligor's property; (g) the commencement of any proceeding for the dissolution or liquidation of any Obligor; (h) the termination of existence or death of any Obligor; (i) the revocation of any guaranty or subordination agreement given in connection with this Note; (j) the failure of any Obligor to comply with any order, judgment, injunction, decree, writ or demand of any court or other public authority; (k) the filing or recording against any Obligor, or the property of any Obligor, of any notice of levy, notice to withhold, or other legal process for taxes other than property taxes; (l) the default by any Obligor personally liable for amounts owed hereunder on any obligation concerning the borrowing of money (including, without limitation, the occurrence of any Event of Default under and as defined in the Amended and Restated Credit Agreement); (m) the issuance against any Obligor, or the property of any Obligor, of any writ of attachment, execution, or other judicial lien; or (n) the deterioration of the financial condition of any Obligor which results in Bank deeming itself, in good faith, insecure. Upon the occurrence of any such default, Bank, in its discretion, may cease to advance funds hereunder and may declare all obligations under this Note immediately due and payable; however, upon the occurrence of an event of default under subparagraph (c), (d), (e), (f) or (g) hereof, all principal and interest shall automatically become immediately due and payable.

**6. ADDITIONAL AGREEMENTS OF BORROWER.** If any amounts owing under this Note are not paid when due, Borrower promises to pay all costs and expenses, including reasonable attorneys' fees, incurred by Bank in the collection or enforcement of this Note. Borrower and any endorsers of this Note, for the maximum period of time and the full extent permitted by law, (a) waive diligence, presentment, demand, notice of nonpayment, protest, notice of protest, and notice of every kind; (b) waive the right to assert the defense of any statute of limitations to any debt or obligation hereunder; and (c) consent to renewals and extensions of time for the payment of any amounts due under this Note. The receipt of any check or other item of payment by Bank, at its option, shall not be considered a payment on account until such check or other item of payment is honored when presented for payment at the drawee Bank. Bank may delay the credit of such payment based upon Bank's schedule of funds availability, and interest under this Note shall accrue until the funds are deemed collected. In any action brought under or arising out of this Note, Borrower and any Obligor, including their successors and assigns, hereby consent to the jurisdiction of any competent court within the State of California, as provided in any alternative dispute resolution agreement executed between Borrower and Bank, and consent to service of process by any means authorized by said state's law. The term "Bank" includes, without limitation, any holder of this Note. This Note shall be construed in accordance with and governed by the laws of the State of California. This Note hereby incorporates any alternative dispute resolution agreement previously, concurrently or hereafter executed between Borrower and Bank.

7. **CHANGE IN CIRCUMSTANCES**

(a) **Inability to Determine Rates.** If, on or before the first day of any Interest Period for any Base Interest Rate Loan, Bank determines that the Base Interest Rate for such Interest Period cannot be adequately and reasonably determined due to the unavailability of funds in or other circumstances affecting the London interbank market, or the certificate of deposit market, as the case may be, which determination by Bank shall be conclusive and binding upon Borrower, Bank shall immediately give notice thereof to Borrower. After the giving of any such notice and until Bank shall otherwise notify Borrower that the circumstances giving rise to such condition no longer exist, Borrower's right to request, and Bank's obligation to offer, a Base Interest Rate Loan shall be suspended. Any Base Interest Rate Loan outstanding at the commencement of any such suspension which affects Base Interest Rate Loans of that type, shall be converted at the end of the then current Interest Period for that loan to a Reference Rate Loan unless such suspension has then ended.

(b) **Illegality.** If, after the date of this Note, the adoption of any applicable law, rule or regulation, or any change therein, or change in the interpretation or administration thereof by any governmental authority, central bank, comparable agency or other Person charged with the interpretation or administration thereof, or compliance by Bank with any request or directive (whether or not having the force of law) of any such authority (a "Change of Law") shall make it unlawful or impossible for Bank to make or maintain a Base Interest Rate Loan, Bank shall immediately notify Borrower of such Change of Law. After Borrower's receipt of such notice, Borrower's right to select, and Bank's obligation to offer, a Base Interest Rate Loan shall be terminated, and the undersigned shall (i) at the end of the current Interest Period for any Base Interest Rate Loan then outstanding, convert such loan to a Reference Rate Loan, or (ii) immediately repay or convert any Base Interest Rate Loan then outstanding if Bank shall notify Borrower that Bank may not lawfully continue to fund and maintain such Base Interest Rate Loan.

(c) **Increased Costs.** If, after the date of this Note, any Change of Law:

(i) shall subject Bank to any tax, duty or other charge with respect to a Base Interest Rate Loan or its obligation to make such Base Interest Rate Loan, or shall change the basis of taxation of payments by Borrower to Bank on such Base Interest Rate Loan or in respect to such Base Interest Rate Loan under this Note (except for changes in the rate of taxation on the overall net income of Bank); or

(ii) shall impose, modify or hold applicable any reserve, special deposit or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances or loans by, or any other acquisition of funds by Bank for any Base Interest Rate Loan (except for any reserve, special deposit or other requirement included in the determination of the Base Rate); or

(iii) shall impose on Bank any other condition directly related to any Base Interest Rate Loan; and the effect of any of the foregoing is to increase the cost to Bank of making, renewing or maintaining a Base Interest Rate Loan beyond any adjustment made by Bank in determining the applicable interest rate for any such Base Interest Rate Loan, or to reduce the amount receivable by Bank hereunder;

then Borrower shall from time to time, upon demand by Bank, pay to Bank additional amounts sufficient to reimburse Bank for such increased costs or reduced amounts. A certificate as to the amount of such increased costs or reduced amounts, submitted to the Borrower by Bank, shall, in the absence of manifest error, be conclusive and binding on Borrower for all purposes.

(d) **Capital Adequacy.** If Bank shall determine that:

(i) any law, rule or regulation, any interpretation or application thereof by any governmental authority, central bank, comparable agency or other Person charged with the interpretation or administration thereof, any directive, request, assessment guideline or other guideline issued by such authority, bank, agency or Person (whether or not having the force of law) or any change in any of the foregoing which is adopted, issued or becomes effective after the date hereof affects the amount of capital required or expected to be maintained by Bank or any Person controlling Bank (a "Capital Adequacy Requirement"); and

(ii) the amount of capital maintained by Bank or such Person which is attributable to or based upon this Note or the amounts outstanding hereunder must be increased as a result of such Capital Adequacy Requirement (taking into account Bank's or such Person's policies with respect to capital adequacy), Borrower shall pay to Bank or such Person, upon demand of Bank, such amounts as Bank or such Person shall determine are necessary to compensate Bank or such Person for the increased costs to Bank or such Person of such increased capital. A certificate of Bank, setting forth in reasonable detail the computation of any such increased costs, delivered by Bank to Borrower shall, in the absence of manifest error, be conclusive and binding on Borrower for all purposes.



8. **DEFINITIONS.** As used herein, the following terms shall have the meanings respectively set forth below: "**Amended and Restated Credit Agreement**" means that certain Amended and Restated Credit Agreement dated as of February 27, 2003, by and between Diodes and Bank, as amended and as at any time and from time to time further amended, supplemented, extended, restated or renewed. "**Base Interest Rate**" means a rate of interest based on the LIBOR Rate. "**Base Interest Rate Loan**" means amounts outstanding under this Note that bear interest at a Base Interest Rate. "**Base Rate Maturity Date**" means the last day of the Interest Period with respect to principal outstanding under a Base Interest Rate Loan. "**Business Day**" means a day on which Bank is open for business for the funding of corporate loans, and, with respect to the rate of interest based on the LIBOR Rate, on which dealings in U.S. dollar deposits outside of the United States may be carried on by Bank. "**Covenant Agreement**" means that certain Covenant Agreement dated the date of this Note, by and between Borrower and Bank, as an any time and from time to time amended, supplemented, extended, restated or renewed. "**Diodes**" means Diodes Incorporated, a Delaware corporation and parent company of Borrower. "**Financial Statement**" has the meaning assigned to such term in the Amended and Restated Credit Agreement. "**Interest Period**" means with respect to funds bearing interest at a rate based on the LIBOR Rate, any calendar period of one (1) month, two (2) months, three (3) months, four (4) months, five (5) months, six (6) months, nine (9) months or twelve (12) months. In determining an Interest Period, a month means a period that starts on one Business Day in a month and ends on and includes the day preceding the numerically corresponding day in the next month. For any month in which there is no such numerically corresponding day, then as to that month, such day shall be deemed to be the last calendar day of such month. Any Interest Period which would otherwise end on a non-Business Day shall end on the next succeeding Business Day unless that is the first day of a month, in which event such Interest Period shall end on the next preceding Business Day. "**LIBOR Rate**" means a per annum rate of interest (rounded upward, if necessary, to the nearest 1/100 of 1%) at which dollar deposits, in immediately available funds and in lawful money of the United States would be offered to Bank, outside of the United States, for a term coinciding with the Interest Period selected by Borrower and for an amount equal to the amount of principal covered by Borrower's interest rate selection, plus Bank's costs, including the cost, if any, of reserve requirements. "**Origination Date**" means the first day of the Interest Period. "**Reference Rate**" means the rate announced by Bank from time to time at its corporate headquarters as its Reference Rate. The Reference Rate is an index rate determined by Bank from time to time as a means of pricing certain extensions of credit and is neither directly tied to any external rate of interest or index nor necessarily the lowest rate of interest charged by Bank at any given time.

**FABTECH, INC.**

By: /s/ MaryJo Parsons

Title: Secretary





## SECURITY AGREEMENT

This Security Agreement is executed at Woodland Hills, California on February 27, 2003 by Diodes Incorporated, a Delaware corporation (herein called "Debtor").

As security for the payment and performance of all of Debtor's obligations to UNION BANK OF CALIFORNIA, N.A., (herein called "Bank"), regardless of the manner in which or the time at which such obligations arose or shall arise, whether direct or indirect, alone or with others, or absolute or contingent, Debtor hereby grants a continuing security interest in, and assigns and transfers to Bank, the following property of Debtor other than real property, whether or not delivered to or in the possession or control of Bank or its agents, and whether now or hereafter owned or in existence, and all proceeds thereof (hereinafter called the "Collateral"):

All present and hereafter acquired personal property including but not limited to all accounts, chattel paper, instruments, contract rights, general intangibles, goods, equipment, inventory, documents, certificates of title, deposit accounts, returned or repossessed goods, commercial tort claims, insurance claims, rights and policies, letter of credit rights, investment property, supporting obligations, and the proceeds, products, parts, accessories, attachments, accessories, replacements, substitutions, additions, and improvements of or to each of the foregoing.

Entirety executing this Security Agreement as Debtor agree not to change their state of organization, principal place of business (if a general partnership or other nonregistered entity) or name, as identified below, without Bank's prior written consent:

### LEGAL NAME OF DEBTOR

Diodes Incorporated

### STATE OF ORGANIZATION / PRINCIPAL PLACE OF BUSINESS

State of Delaware

### AGREEMENT

1. The term "credit" or "indebtedness" is used throughout this Agreement in its broadest and most comprehensive sense. Credit may be granted at the request of any one Debtor without further authorization by or notice to any other Debtor. Collateral shall be security for all nonconsumer indebtedness of Debtor to Bank in accordance with the terms and conditions herein.

2. Debtor will: (a) comply with the terms of the agreements for the granting of credit to Debtor by Bank; (b) execute such other documents and do such other acts and things as Bank may from time to time require to establish and maintain a valid perfected security interest in Collateral, including payment of all costs and fees in connection with any of the foregoing when deemed necessary by Bank; (c) keep Collateral separate and identifiable where such Collateral is currently located and permit Bank and its representatives to inspect Collateral and/or records pertaining thereto from time to time during normal business hours; (d) not sell, assign or create or permit to exist any lien on or security interest in Collateral in favor of anyone other than Bank except as permitted under any agreement for the granting of credit to Debtor by Bank unless Bank consents thereto in writing and at Debtor's expense upon Bank's request remove any unauthorized lien or security interest and defend any claim affecting the Collateral; (e) protect, defend and maintain the Collateral and the perfected security interest of Bank and initiate, commence and maintain any action or proceeding to protect the Collateral; (f) maintain Collateral in good condition and not use Collateral for any unlawful purpose; (g) perform all of the obligations of the Debtor under the Collateral and save Bank harmless from the consequence of any failure to do so; and (h) at its own expense, upon request of Bank, notify any parties obligated to Debtor on any Collateral to make payment to Bank and Debtor hereby irrevocably grants Bank power of attorney to make said notifications and collections. Debtor hereby appoints Bank the true and lawful attorney of Debtor and authorizes Bank to perform any and all acts which Bank in good faith deems necessary for the protection and preservation of Collateral or its value or Bank's perfected security interest therein, including transferring any Collateral into its own name and receiving the income thereon as additional security hereunder. Bank does not assume any of the obligations arising under the Collateral.

3. Debtor warrants that: (a) it is and will be the lawful owner of all Collateral free of all claims, liens, encumbrances and setoffs whatsoever, other than the security interest granted pursuant hereto and liens permitted under the terms of the credit extended by Bank to Debtor; (b) it has the capacity to grant a security interest in Collateral to Bank; (c) all information furnished by Debtor to Bank heretofore or hereafter, whether oral or written, is and will be correct and true in all material respects as of the date given; and (d) if Debtor is an entity, the execution, delivery and performance hereof are within its powers and have been duly authorized.

4. The term default shall mean the occurrence of any "Event of Default" as defined in any agreement for the granting of credit to Debtor by Bank.

5. Whenever a default exists, Bank, at its option, may: (a) exercise its remedies under any agreement for the granting of credit to Debtor; (b) sell, lease or otherwise dispose of Collateral at public or private sale; (c) transfer any Collateral into its own name or that of its nominee; (d) retain Collateral in satisfaction of obligations secured hereby, with notice of such retention sent to Debtor as required by law; (e) notify any parties obligated on any Collateral consisting of accounts, instruments, chattel paper, choses in action or the like to make payment to Bank and enforce collection of any Collateral; (f) file any action or proceeding which Bank may deem necessary or appropriate to protect and preserve the right, title and interest of the Bank in the Collateral; (g) require Debtor to assemble and deliver any Collateral to Bank at a reasonably convenient place designated by Bank; (h) apply all sums received or collected from or on account of Collateral, including the proceeds of any sale thereof, to the payment of Bank's in-house counsel and legal staff, and indebtedness secured hereby in such order and manner as Bank in its sole discretion determines; Bank shall account to Debtor for any surplus remaining thereafter, and shall pay such surplus to the party entitled thereto, including any second secured party who has made a proper demand upon Bank and has furnished proof to Bank as requested in the manner provided by law; in like manner, Debtor agrees to pay to Bank without demand any deficiency after any Collateral has been disposed of and proceeds applied as aforesaid; and (i) exercise its banker's lien or right of setoff in the same manner as though the credit were unsecured. Bank shall have all the rights and remedies of a secured party under the Uniform Commercial Code of California and in any jurisdiction where enforcement is sought, whether in said state or elsewhere. All rights, powers and remedies of Bank hereunder shall be cumulative and not alternative. No delay on the part of Bank in the exercise of any right or remedy shall constitute a waiver thereof and no exercise by Bank of any right or remedy shall preclude the exercise of any other right or remedy or further exercise of the same remedy.

6. Debtor waives: (a) all right to require Bank to proceed against any other person including any other Debtor hereunder or to apply any Collateral Bank may hold at any time or to pursue any other remedy; Collateral, endorsers or guarantors may be released, substituted or added without affecting the liability of Debtor hereunder; (b) the defense of the Statute of Limitations in any action upon any obligations of Debtor secured hereby; (c) any right of subrogation and any right to participate in Collateral until all obligations secured hereby have been paid in full; (d) to the fullest extent permitted by law, any right to oppose the appointment of a receiver or similar official to operate Debtor's business.

7. The right of Bank to have recourse against Collateral shall not be affected in any way by the fact that the credit is secured by a mortgage, deed of trust or other lien upon real property.

5. The security interest granted herein is irrevocable and shall remain in full force and effect until there is payment in full of the indebtedness or the security interest is released in writing by Bank.

6. Debtor shall be obligated to request the release, reassignment or return of Collateral after the payment in full of all existing obligations. Bank shall be under no duty or obligation to release, reassign or return any Collateral except upon the express written request of Debtor and then only where all of Debtor's obligations hereunder have been paid in full.

10. If more than one Debtor executes this Agreement, the obligations hereunder are joint and several. All words used herein in the singular shall be deemed to have been used in the plural when the context and construction so require. Any married person who signs this Agreement expressly agrees that recourse may be had against his/her separate property for all of his/her obligations to Bank.

11. This Agreement shall inure to the benefit of and bind Bank, its successors and assigns and each of the undersigned, their respective heirs, executors, administrators and successors in interest. Upon transfer by Bank of any part of the obligations secured hereby, Bank shall be fully discharged from any liability with respect to Collateral transferred therewith.

12. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but, if any provision of this Agreement shall be prohibited or invalid under applicable law, such provisions shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such or the remaining provisions of this Agreement.

The grant of a security interest in proceeds does not imply the right of Debtor to sell or dispose of any Collateral without the express consent in writing by Bank.

"Debtor"

Diodes Incorporated, a Delaware corporation

By: Carl West

Title: CFO



## SECURITY AGREEMENT

This Security Agreement is executed at Woodland Hills, California on February 27, 2003 by FabTech, Inc., a Delaware corporation (herein called "Debtor").

As security for the payment and performance of all of Debtor's obligations to UNION BANK OF CALIFORNIA, N.A. (herein called "Bank"), regardless of the manner in which or the time at which such obligations arise or shall arise, whether direct or indirect, alone or with others, or absolute or contingent, Debtor hereby grants a continuing security interest in, and assigns and transfers to Bank, the following personal property, whether or not delivered to or in the possession or control of Bank or its agents, and whether now or hereafter owned or in existence, and all proceeds thereof (hereinafter called the "Collateral"):

All present and hereafter acquired personal property including but not limited to all accounts, chattel paper, instruments, contract rights, general intangibles, goods, equipment, inventory, documents, certificates of title, deposit accounts, returned or repossessed goods, fixtures, commercial tort claims, insurance claims, rights and policies, letter of credit rights, investment property, supporting obligations, and the proceeds, products, parts, accessories, attachments, accessories, replacements, substitutions, additions, and improvements of or to each of the foregoing.

Entities executing this Security Agreement as Debtor agree not to change their state of organization, principal place of business (if a general partnership or other nonregistered entity) or name, as identified below, without Bank's prior written consent:

### LEGAL NAME OF DEBTOR

FabTech, Inc.

### STATE OF ORGANIZATION / PRINCIPAL PLACE OF BUSINESS

State of Delaware

### AGREEMENT

1. The term "credit" or "indebtedness" is used throughout this Agreement in its broadest and most comprehensive sense. Credit may be granted at the request of any one Debtor without further authorization by or notice to any other Debtor. Collateral shall be security for all nonconsumer indebtedness of Debtor to Bank in accordance with the terms and conditions herein.
2. Debtor will: (a) pay when due all indebtedness to Bank; (b) execute such other documents and do such other acts and things as Bank may from time to time require to establish and maintain a valid perfected security interest in Collateral, including payment of all costs and fees in connection with any of the foregoing when deemed necessary by Bank; (c) furnish Bank such information concerning Debtor and Collateral as Bank may from time to time request, including but not limited to current financial statements; (d) keep Collateral separate and identifiable where such Collateral is currently located and permit Bank and its representatives to inspect Collateral and/or records pertaining thereto from time to time during normal business hours; (e) not sell, assign or create or permit to exist any lien on or security interest in Collateral in favor of anyone other than Bank unless Bank consents thereto in writing and at Debtor's expense upon Bank's request remove any unauthorized lien or security interest and defend any claim affecting the Collateral; (f) pay all charges against Collateral prior to delinquency including but not limited to taxes, assessments, encumbrances, insurance and diverse claims, and upon Debtor's failure to do so Bank may pay any such charge as it deems necessary and add the amount paid to the indebtedness of Debtor hereunder; (g) protect, defend and maintain the Collateral and the perfected security interest of Bank and initiate, commence and maintain any action or proceeding to protect the Collateral; (h) reimburse Bank for any expenses, including but not limited to reasonable attorneys' fees and expenses (including the allocated costs of Bank's in-house counsel and legal staff) incurred by Bank in seeking to protect, collect or enforce any rights in Collateral; (i) when required, provide insurance in form and amounts and with companies acceptable to Bank and when required, assign the policies or the rights thereunder to Bank; (j) maintain Collateral in good condition and not use Collateral for any unlawful purpose; (k) perform all of the obligations of the Debtor under the Collateral and save Bank harmless from the consequences of any failure to do so; and (l) at its own expense, upon request of Bank, notify any parties obligated to Debtor on any Collateral to make payment to Bank and Debtor hereby irrevocably grants Bank power of attorney to make said notifications and collections. Debtor hereby appoints Bank the true and lawful attorney of Debtor and authorizes Bank to perform any and all acts which Bank in good faith deems necessary for the protection and preservation of Collateral or its value or Bank's perfected security interest therein, including transferring any Collateral into its own name and receiving the income thereon as additional security hereunder. Bank does not assume any of the obligations arising under the Collateral.
3. Debtor warrants that: (a) it is and will be the lawful owner of all Collateral free of all claims, liens, encumbrances and setoffs whatsoever, other than the security interest granted pursuant hereto; (b) it has the capacity to grant a security interest in Collateral to Bank; (c) all information furnished by Debtor to Bank heretofore or hereafter, whether oral or written, is and will be correct and true as of the date given; and (d) if Debtor is an entity, the execution, delivery and performance hereof are within its powers and have been duly authorized.
4. The term default shall mean the occurrence of any of the following events: (a) failure of Debtor to make any payment of any indebtedness to Bank when due; (b) deterioration or impairment of the value of any of the Collateral; (c) any breach, misrepresentation or other default by Debtor under this Agreement or any other agreements between Bank and Debtor; (d) a change in ownership or control of ten percent or more of the equity interest of Debtor; or (e) the deterioration of financial condition of Debtor which results in Bank deeming itself, in good faith, insecure.
5. Whenever a default exists, Bank, at its option, may: (a) without notice accelerate the maturity of any part or all of the indebtedness and terminate any agreement for the granting of further credit to Debtor; (b) sell, lease or otherwise dispose of Collateral at public or private sale; (c) transfer any Collateral into its own name or that of its nominee; (d) retain Collateral in satisfaction of obligations secured hereby, with notice of such retention sent to Debtor as required by law; (e) notify any parties obligated on any Collateral consisting of accounts, instruments, chattel paper, choses in action or the like to make payment to Bank and enforce collection of any Collateral; (f) file any action or proceeding which Bank may deem necessary or appropriate to protect and preserve the right, title and interest of the Bank in the Collateral; (g) require Debtor to assemble and deliver any Collateral to Bank at a reasonably convenient place designated by Bank; (h) apply all sums received or collected from or on account of Collateral, including the proceeds of any sale thereof, to the payment of the costs and expenses incurred in preserving and enforcing rights of Bank, including reasonable attorneys' fees (including the allocated costs of Bank's in-house counsel and legal staff), and indebtedness secured hereby in such order and manner as Bank in its sole discretion determines; Bank shall account to Debtor for any surplus remaining thereafter, and shall pay such surplus to the party entitled thereto, including any second secured party who has made a proper demand upon Bank and has furnished proof to Bank as requested in the manner provided by law. In like manner, Debtor agrees to pay to Bank without demand any deficiency after any Collateral has been disposed of and proceeds applied as aforesaid; and (i) exercise its banker's lien or right of setoff in the same manner as though the credit were unsecured. Bank shall have all the rights and remedies of a secured party under the Uniform Commercial Code of California and in any jurisdiction where enforcement is sought, whether in said state or elsewhere. All rights, powers and remedies of Bank hereunder shall be cumulative and not alternative. No delay on the part of Bank in the exercise of any right or remedy shall constitute a waiver thereof and no exercise by Bank of any right or remedy shall preclude the exercise of any other right or remedy or further exercise of the same remedy.
6. Debtor waives: (a) all right to require Bank to proceed against any other person including any other Debtor hereunder or to apply any Collateral Bank may hold at any time or to pursue any other remedy; Collateral, endorsers or guarantors may be released, substituted or added without affecting the liability of Debtor hereunder; (b) the defense of the Statute of Limitations in any action upon any obligations of Debtor secured hereby; (c) any right of subrogation and any right to participate in Collateral until all obligations secured hereby have been paid in full; (d) to the fullest extent permitted by law, any right to oppose the appointment of a receiver or similar official to operate Debtor's business.

- 7. The right of Bank to have recourse against Collateral shall not be affected in any way by the fact that the credit is secured by a mortgage, deed of trust or other lien upon real property.
  - 8. The security interest granted herein is irrevocable and shall remain in full force and effect until there is payment in full of the indebtedness or the security interest is released in writing by Bank.
  - 9. Debtor shall be obligated to request the release, reassignment or return of Collateral after the payment in full of all existing obligations. Bank shall be under no duty or obligation to release, reassign or return any Collateral except upon the express written request of Debtor and then only where all of Debtor's obligations hereunder have been paid in full.
  - 10. If more than one Debtor executes this Agreement, the obligations hereunder are joint and several. All words used herein in the singular shall be deemed to have been used in the plural when the context and construction so require. Any married person who signs this Agreement expressly agrees that recourse may be had against his/her separate property for all of his/her obligations to Bank.
  - 11. This Agreement shall inure to the benefit of and bind Bank, its successors and assigns and each of the undersigned, their respective heirs, executors, administrators and successors in interest. Upon transfer by Bank of any part of the obligations secured hereby, Bank shall be fully discharged from any liability with respect to Collateral transferred herewith.
  - 12. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but, if any provision of this Agreement shall be prohibited or invalid under applicable law, such provisions shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such or the remaining provisions of this Agreement.
- The grant of a security interest in proceeds does not imply the right of Debtor to sell or dispose of any Collateral without the express consent in writing by Bank.

"Debtor"

FebTech, Inc., a Delaware corporation

By: Carol Haverkamp 3-4-03  
 Carol Haverkamp  
 Title: CFO - Febotech, Inc.



CONTINUING GUARANTY

1. **Obligations Guaranteed.** For consideration, the adequacy and sufficiency of which is acknowledged, the undersigned ("Guarantor") unconditionally guarantees and promises: (a) to pay to UNION BANK OF CALIFORNIA, N.A. ("Bank") on demand, in lawful United States money, all Obligations to Bank of FabTach, Inc., a Delaware corporation ("Borrower") and (b) to perform all undertakings of Borrower in connection with the Obligations. "Obligations" is used in its most comprehensive sense and includes any and all debts, liabilities, rental obligations, and other obligations and liabilities of every kind of Borrower to Bank, whether made, incurred or created previously, concurrently or in the future, whether voluntary or involuntary and however arising, whether incurred directly or acquired by Bank by assignment or succession, whether due or not due, absolute or contingent, liquidated or unliquidated, legal or equitable, whether Borrower is liable individually or jointly with others, whether incurred before, during or after any bankruptcy, reorganization, insolvency, receivership or similar proceeding ("Insolvency Proceeding"), and whether recovery thereof is or becomes barred by a statute of limitations or is or becomes otherwise unenforceable, together with all expenses of, for and incidental to collection, including reasonable attorneys' fees.
2. **Limitation on Guarantor's Liability.** Although this Guaranty covers all Obligations, Guarantor's liability under this Guaranty for Borrower's Obligations shall not exceed at any one time the sum of the following (the "Guaranteed Liability Amount"): (a) Five Million and 00/100ths Dollars (\$ 5,000,000.00) for Obligations representing principal and/or rent ("Principal Amount"), (b) all interest, fees and like charges owing and allocable to the Principal Amount as determined by Bank, and (c) without allocation in respect of the Principal Amount, all costs, attorneys' fees, and expenses of Bank relating to or arising out of the enforcement of the Obligations and all indemnity liabilities of Guarantor under this Guaranty. The foregoing limitation applies only to Guarantor's liability under this particular Guaranty. Unless Bank otherwise agrees in writing, every other guaranty of any Obligations previously, concurrently, or hereafter given to Bank by Guarantor is independent of this Guaranty and of every other such guaranty. Without notice to Guarantor, Bank may permit the Obligations to exceed the Principal Amount and may apply or reapply any amounts received in respect of the Obligations from any source other than from Guarantor to that portion of the Obligations not included within the Guaranteed Liability Amount.
3. **Continuing Nature/Revocation/Reinstatement.** This Guaranty is in addition to any other guaranties of the Obligations, is continuing and covers all Obligations, including those arising under successive transactions which continue or increase the Obligations from time to time, renew all or part of the Obligations after they have been satisfied, or create new Obligations. Revocation by one or more signers of this Guaranty or any other guarantors of the Obligations shall not (a) effect the obligations under this Guaranty of a non-revoking Guarantor, (b) apply to Obligations outstanding when Bank receives written notice of revocation, or to any extensions, renewals, readvances, modifications, amendments or replacements of such Obligations, or (c) apply to Obligations, arising after Bank receives such notice of revocation, which are created pursuant to a commitment existing at the time of the revocation, whether or not there exists an unperfected condition to such commitment or Bank has another defense to its performance. All of Bank's rights pursuant to this Guaranty continue with respect to amounts previously paid to Bank on account of any Obligations which are thereafter restored or returned by Bank, whether in an Insolvency Proceeding of Borrower or for any other reason, as if such amounts had not been paid to Bank, and Guarantor's liability under this Guaranty (and all its terms and provisions) shall be reinstated and revived, notwithstanding any surrender or cancellation of this Guaranty. Bank, at its sole discretion, may determine whether any amount paid to it must be restored or returned; provided, however, that if Bank elects to contest any claim for return or restoration, Guarantor agrees to indemnify and hold Bank harmless from and against all costs and expenses, including reasonable attorneys' fees, expended or incurred by Bank in connection with such contest. No payment by Guarantor shall reduce the Guaranteed Liability Amount hereunder unless, at or prior to the time of such payment, Bank receives Guarantor's written notice to that effect. If any Insolvency Proceeding is commenced by or against Borrower or Guarantor, at Bank's election, Guarantor's obligations under this Guaranty shall immediately and without notice or demand become due and payable, whether or not then otherwise due and payable.
4. **Authorization.** Guarantor authorizes Bank, without notice and without affecting Guarantor's liability under this Guaranty, from time to time, whether before or after any revocation of this Guaranty, to (a) renew, compromise, extend, accelerate, release, subordinate, waive, amend and restate, or otherwise amend or change, the interest rate, time or place for payment or any other terms of all or any part of the Obligations; (b) accept delinquent or partial payments on the Obligations; (c) take or not take security or other credit support for this Guaranty or for all or any part of the Obligations, and exchange, enforce, waive, release, subordinate, fail to enforce or perfect, sell, or otherwise dispose of any such security or credit support; (d) apply proceeds of any such security or credit support and direct the order of manner of its sale or enforcement as Bank, at its sole discretion, may determine; and (e) release or substitute Borrower or any guarantor or other person or entity liable on the Obligations.
5. **Waivers.** To the maximum extent permitted by law, Guarantor waives (a) all rights to require Bank to proceed against Borrower, or any other guarantor, or proceed against, enforce or exhaust any security for the Obligations or to marshal assets or to pursue any other remedy in Bank's power whatsoever; (b) all defenses arising by reason of any disability or other defense of Borrower, the cessation for any reason of the liability of Borrower, any defense that any other indemnity, guaranty or security was to be obtained, any claim that Bank has made Guarantor's obligations more burdensome or more burdensome than Borrower's obligations, and the use of any proceeds of the Obligations other than as intended or understood by Bank or Guarantor; (c) all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of acceptance of this Guaranty and of the existence or creation of new or additional Obligations, and all other notices or demands to which Guarantor might otherwise be entitled; (d) all conditions precedent to the effectiveness of this Guaranty; (e) all rights to file a claim in connection with the Obligations in an Insolvency Proceeding filed by or against Borrower; (f) all rights to require Bank to enforce any of its remedies; and (g) until the Obligations are satisfied or fully paid with such payment not subject to return: (i) all rights of subrogation, contribution, indemnification or reimbursement, (ii) all rights of recourse to any assets or property of Borrower or to any collateral or credit support for the Obligations, (iii) all rights to participate in or benefit from any security or credit support Bank may have or acquire, (iv) all rights, remedies and defenses Guarantor may have or acquire against Borrower. Guarantor understands that if Bank forecloses by trustee's sale on a deed of trust securing any of the Obligations, Guarantor would then have a defense preventing Bank from thereafter enforcing Guarantor's liability for the unpaid balance of the secured Obligations. This defense arises because the trustee's sale would eliminate Guarantor's right of subrogation, and therefore Guarantor would be unable to obtain reimbursement from Borrower. Guarantor specifically waives this defense and all rights and defenses that Guarantor may have because the Obligations are secured by real property. This means, among other things: (a) Bank may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Borrower; and (b) if Bank forecloses on any real property collateral pledged by Borrower: (i) the amount of the Obligations may be reduced only by the price for which the collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price; and (ii) Bank may collect from Guarantor even if Bank, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from Borrower. This is an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because the Obligations are secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d, or 726 of the California Code of Civil Procedure or similar laws in other states.
6. **Guarantor to Keep Informed.** Guarantor warrants having established with Borrower adequate means of obtaining, on an ongoing basis, such information as Guarantor may require concerning all matters bearing on the risk of nonpayment or nonperformance of the Obligations. Guarantor assumes sole, continuing responsibility for obtaining such information from sources other than from Bank. Bank has no duty to provide any information to Guarantor until Bank receives Guarantor's written request for specific information in Bank's possession and Borrower has authorized Bank to disclose such information to Guarantor.
7. **Subordination.** All obligations of Borrower to Guarantor which presently or in the future may exist ("Guarantor's Claims") are hereby subordinated to the Obligations. At Bank's request, Guarantor's Claims will be enforced and performance thereon received by Guarantor only as a trustee for Bank, and Guarantor will promptly pay over to Bank all proceeds recovered for application to the Obligations without reducing or affecting Guarantor's liability under other provisions of this Guaranty.
8. **Security.** To secure Guarantor's obligations under this Guaranty, other than for payment of Obligations which are subject to the disclosure requirements of the United States Truth in Lending Act, Guarantor grants Bank a security interest in all moneys, general and special deposits, instruments and other property of Guarantor at any time maintained with or held by Bank, and all proceeds of the foregoing.
9. **Authorization.** Where Borrower is a corporation, partnership or other entity, Bank need not inquire into or verify the powers of Borrower or authority of those acting or purporting to act on behalf of Borrower, and this Guaranty shall be enforceable with respect to any Obligations Bank grants or creates in reliance on the purported exercise of such powers or authority.



- 10. **Assignments.** Without notice to Guarantor, Bank may assign the Obligations and this Guaranty, in whole or in part, and may disclose to any prospective or actual purchaser of all or part of the Obligations any and all information Bank has or acquires concerning Guarantor, this Guaranty and any security for this Guaranty.
  - 11. **Counsel Fees and Costs.** The prevailing party shall be entitled to attorneys' fees (including a reasonable allocation for Bank's internal counsel) and all other costs and expenses which it may incur in connection with the enforcement or preservation of its rights under, or defense of, this Guaranty or in connection with any other dispute or proceeding relating to this Guaranty, whether or not incurred in any insolvency proceeding, arbitration, litigation or other proceeding.
  - 12. **Married Guarantors.** By executing this Guaranty, a Guarantor who is married agrees that recourse may be had against his or her separate and community property for all his or her obligations under this Guaranty.
  - 13. **Multiple Guarantors/Borrowers.** When there is more than one Borrower named herein or when this Guaranty is executed by more than one Guarantor, then the words "Borrower" and "Guarantor", respectively, shall mean all and any one or more of them, and their respective successors and assigns, including debtors-in-possession and bankruptcy trustees; words used herein in the singular shall be considered to have been used in the plural where the context and construction so requires in order to refer to more than one Borrower or Guarantor, as the case may be.
  - 14. **Integration/Severability/Amendments.** This Guaranty is intended by Guarantor and Bank as the complete, final expression of their agreement concerning its subject matter. It supersedes all prior understandings or agreements with respect thereto and may be changed only by a writing signed by Guarantor and Bank. No course of dealing, or parole or extrinsic evidence shall be used to modify or supplement the express terms of this Guaranty. If any provision of this Guaranty is found to be illegal, invalid or unenforceable, such provision shall be enforced to the maximum extent permitted, but if fully unenforceable, such provision shall be severable, and this Guaranty shall be construed as if such provision had never been a part of this Guaranty, and the remaining provisions shall continue in full force and effect.
  - 15. **Joint and Several.** If more than one Guarantor signs this Guaranty, the obligations of each under this Guaranty are joint and several, and independent of the Obligations and of the obligations of any other person or entity. A separate action or actions may be brought and prosecuted against any one or more guarantors, whether action is brought against Borrower or other guarantors of the Obligations, and whether Borrower or others are joined in any such action.
  - 16. **Notice.** Any notice, including notice of revocation, given by any party under this Guaranty shall be effective only upon its receipt by the other party and only if (a) given in writing and (b) personally delivered or sent by United States mail, postage prepaid, and addressed to Bank or Guarantor at their respective addresses for notices indicated below. Guarantor and Bank may change the place to which notices, requests, and other communications are to be sent to them by giving written notice of such change to the other.
  - 17. **California Law.** This Guaranty shall be governed by and construed according to the laws of California, and, except as provided in any alternative dispute resolution agreement executed between Guarantor and Bank, Guarantor submits to the non-exclusive jurisdiction of the state or federal courts in said state.
  - 18. **Dispute Resolution.** This Guaranty hereby incorporates any alternative dispute resolution agreement previously, concurrently or hereafter executed between Guarantor and Bank.
- Executed as of April 9, 2004, Guarantor acknowledges having received a copy of this Guaranty and having made each waiver contained in this Guaranty with full knowledge of its consequences.

UNION BANK OF CALIFORNIA, N.A. ("Bank")

By: J. KASE  
John Kase, Vice President

Address for notices sent to Bank:

UNION BANK OF CALIFORNIA, N.A.  
San Fernando Valley Corporate Office  
5855 Topanga Canyon Blvd  
Woodland Hills, CA 91367

"Guarantor(s)"

Diodes Incorporated, a Delaware corporation

By: [Signature]

Title: CEO

Address for notices sent to Guarantor(s):

3050 East Hillcrest Drive  
Westlake Village, CA 91362-3154

CONTINUING GUARANTY

1. Obligations Guaranteed. For consideration, the adequacy and sufficiency of which is acknowledged, the undersigned ("Guarantor") unconditionally guarantees and promises (a) to pay to UNION BANK OF CALIFORNIA, N.A. ("Bank") on demand, in lawful United States money, all Obligations to Bank of DIODES INCORPORATED

("Borrower") and (b) to perform all undertakings of Borrower in connection with the Obligations. "Obligations" is used in its most comprehensive sense and includes any and all debts, liabilities, rental obligations, and other obligations and liabilities of every kind of Borrower to Bank, whether made, incurred or created previously, concurrently or in the future, whether voluntary or involuntary and however arising, whether incurred directly or acquired by Bank by assignment or succession, whether due or not due, absolute or contingent, liquidated or unliquidated, legal or equitable, whether Borrower is liable individually or jointly or with others, whether incurred before, during or after any bankruptcy, reorganization, insolvency, receivership or similar proceeding ("Insolvency Proceeding"), and whether recovery thereof is or becomes barred by a statute of limitations or is or becomes otherwise unenforceable, together with all expenses of, for and incidental to collection, including reasonable attorneys' fees.

2. Limitation on Guarantor's Liability. Although this Guaranty covers all Obligations, Guarantor's liability under this Guaranty for Borrower's Obligations shall not exceed at any one time the sum of the following (the "Guaranteed Liability Amount"): (a) TWENTY-SIX MILLION TWO HUNDRED EIGHTY-EIGHT THOUSAND THREE HUNDRED THIRTY-THREE AND 38/100 Dollars (s. 26,288,333.38) for Obligations representing principal and/or rent ("Principal Amount"), (b) all interest, fees and like charges owing and allocable to the Principal Amount as determined by Bank, and (c) without allocation in respect of the Principal Amount, all costs, attorneys' fees, and expenses of Bank relating to or arising out of the enforcement of the Obligations and all indemnity liabilities of Guarantor under this Guaranty. The foregoing limitation applies only to Guarantor's liability under this particular Guaranty. Unless Bank otherwise agrees in writing, every other guaranty of any Obligations previously, concurrently, or hereafter given to Bank by Guarantor is independent of this Guaranty and of every other such guaranty. Without notice to Guarantor, Bank may permit the Obligations to exceed the Principal Amount and may apply or resply any amounts received in respect of the Obligations from any source other than from Guarantor to that portion of the Obligations not included within the Guaranteed Liability Amount.

3. Continuing Nature/Revocation/Reinstatement. This Guaranty is in addition to any other guaranties of the Obligations, is continuing and covers all Obligations, including those arising under successive transactions which continue or increase the Obligations from time to time, renew all or part of the Obligations after they have been satisfied, or create new Obligations. Revocation by one or more signers of this Guaranty or any other guarantors of the Obligations shall not (a) affect the obligations under this Guaranty of a non-revoking Guarantor, (b) apply to Obligations outstanding when Bank receives written notice of revocation, or to any extensions, renewals, readvances, modifications, amendments or replacements of such Obligations, or (c) apply to Obligations, arising after Bank receives such notice of revocation, which are created pursuant to a commitment existing at the time of the revocation, whether or not there exists an unsatisfied condition to such commitment or Bank has another defense to its performance. All of Bank's rights pursuant to this Guaranty continue with respect to amounts previously paid to Bank on account of any Obligations which are thereafter restored or returned by Bank, whether in an Insolvency Proceeding of Borrower or for any other reason, all as though such amounts had not been paid to Bank; and Guarantor's liability under this Guaranty (and all its terms and provisions) shall be reinstated and revived, notwithstanding any surrender or cancellation of this Guaranty. Bank, at its sole discretion, may determine whether any amount paid to it must be restored or returned; provided, however, that if Bank elects to contest any claim for return or restoration, Guarantor agrees to indemnify and hold Bank harmless from and against all costs and expenses, including reasonable attorneys' fees, expended or incurred by Bank in connection with such contest. No payment by Guarantor shall reduce the Guaranteed Liability Amount hereunder unless, at or prior to the time of such payment, Bank receives Guarantor's written notice to that effect. If any Insolvency Proceeding is commenced by or against Borrower or Guarantor, at Bank's election, Guarantor's obligations under this Guaranty shall immediately and without notice or demand become due and payable, whether or not then otherwise due and payable.

4. Authorization. Guarantor authorizes Bank, without notice and without affecting Guarantor's liability under this Guaranty, from time to time, whether before or after any revocation of this Guaranty, to (a) renew, compromise, extend, accelerate, release, subordinate, waive, amend and restate, or otherwise amend or change, the interest rate, time or place for payment or any other terms of all or any part of the Obligations; (b) accept delinquent or partial payments on the Obligations; (c) take or not take security or other credit support for this Guaranty or for all or any part of the Obligations, and exchange, enforce, waive, release, subordinate, fail to enforce or perfect, sell, or otherwise dispose of any such security or credit support; (d) apply proceeds of any such security or credit support and direct the order or manner of its sale or enforcement as Bank, at its sole discretion, may determine; and (e) release or substitute Borrower or any guarantor or other person or entity liable on the Obligations.

5. Waivers. To the maximum extent permitted by law, Guarantor waives (a) all rights to require Bank to proceed against Borrower, or any other guarantor, or proceed against, enforce or exhaust any security for the Obligations or to marshal assets or to pursue any other remedy in Bank's power whatsoever; (b) all defenses arising by reason of any disability or other defense of Borrower, the cessation for any reason of the liability of Borrower, any defense that any other indemnity, guaranty or security was to be obtained, any claim that Bank has made Guarantor's obligations more burdensome or more burdensome than Borrower's obligations, and the use of any proceeds of the Obligations other than as intended or understood by Bank or Guarantor; (c) all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of acceptance of this Guaranty and of the existence or creation of new or additional Obligations, and all other notices or demands to which Guarantor might otherwise be entitled; (d) all conditions precedent to the effectiveness of this Guaranty; (e) all rights to file a claim in connection with the Obligations in an Insolvency Proceeding filed by or against Borrower; (f) all rights to require Bank to enforce any of its remedies; and (g) until the Obligations are satisfied or fully paid with such payment not subject to return: (i) all rights of subrogation, contribution, indemnification or reimbursement, (ii) all rights of recourse to any assets or property of Borrower, or to any collateral or credit support for the Obligations, (iii) all rights to participate in or benefit from any security or credit support Bank may have or acquire and (iv) all rights, remedies and defenses Guarantor may have or acquire against Borrower. Guarantor understands that if Bank forecloses by trustee's sale on a deed of trust balance of the secured Obligations, this defense arises because the trustee's sale would eliminate Guarantor's right of subrogation, and therefore Guarantor may have because the Obligations are secured by real property. This means, among other things: (1) Bank may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Borrower; and (2) if Bank forecloses on any real property collateral pledged by Borrower: (A) the amount of the Obligations may be reduced only by the price for which the collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price; and (B) Bank may collect from Guarantor even if Bank, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from Borrower. This is an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because the Obligations are secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d or 726 of the California Code of Civil Procedure or similar laws in other states.

6. Guarantor to Keep Informed. Guarantor warrants having established with Borrower adequate means of obtaining, on an ongoing basis, such information as Guarantor may require concerning all matters bearing on the risk of nonpayment or nonperformance of the Obligations. Guarantor assumes sole, continuing responsibility for obtaining such information from sources other than from Bank. Bank has no duty to provide any information to Guarantor until Bank receives Guarantor's written request for specific information in Bank's possession and Borrower has authorized Bank to disclose such information to Guarantor.

7. Subordination. All obligations of Borrower to Guarantor which presently or in the future may exist ("Guarantor's Claims") are hereby subordinated to the Obligations. At Bank's request, Guarantor's Claims will be enforced and performance thereon received by Guarantor only as a trustee for Bank, and Guarantor will promptly pay over to Bank all proceeds recovered for application to the Obligations without reducing or affecting Guarantor's liability under other provisions of this Guaranty.

8. Security. To secure Guarantor's obligations under this Guaranty, other than for payment of Obligations which are subject to the disclosure requirements of the United States Truth in Lending Act, Guarantor grants Bank a security interest in all moneys, general and special deposits, instruments and other property of Guarantor at any time maintained with or held by Bank, and all proceeds of the foregoing.

9. Authorization. Where Borrower is a corporation, partnership or other entity, Bank need not inquire into or verify the powers of Borrower or authority of those acting or purporting to act on behalf of Borrower, and this Guaranty shall be enforceable with respect to any Obligations Bank grants or creates in reliance on the purported exercise of such powers or authority.

10. Assignments. Without notice to Guarantor, Bank may assign the Obligations and this Guaranty, in whole or in part, and may disclose to any prospective or actual purchaser of all or part of the Obligations any and all information Bank has or acquires concerning Guarantor, this Guaranty and any security for this Guaranty.

- 11. **Counsel Fees and Costs.** The prevailing party shall be entitled to attorneys' fees (including a reasonable allocation for Bank's internal counsel) and all other costs and expenses which it may incur in connection with the enforcement or preservation of its rights under, or defense of, this Guaranty or in connection with any other dispute or proceeding relating to this Guaranty, whether or not incurred in any Insolvency Proceeding, arbitration, litigation or other proceeding.
- 12. **Married Guarantors.** By executing this Guaranty, a Guarantor who is married agrees that recourse may be had against his or her separate and community property for all his or her obligations under this Guaranty.
- 13. **Multiple Guarantors/Borrowers.** When there is more than one Borrower named herein or when this Guaranty is executed by more than one Guarantor, then the words "Borrower" and "Guarantor", respectively, shall mean all and any one or more of them, and their respective successors and assigns, including debtors-in-possession and bankruptcy trustees; words used herein in the singular shall be considered to have been used in the plural where the context and construction so requires in order to refer to more than one Borrower or Guarantor, as the case may be.
- 14. **Integration/Severability/Amendments.** This Guaranty is intended by Guarantor and Bank as the complete, final expression of their agreement concerning its subject matter. It supersedes all prior understandings or agreements with respect thereto and may be changed only by a writing signed by Guarantor and Bank. No course of dealing, or parole or extrinsic evidence shall be used to modify or supplement the express terms of this Guaranty. If any provision of this Guaranty is found to be illegal, invalid or unenforceable, such provision shall be enforced to the maximum extent permitted, but if fully unenforceable, such provision shall be severable, and this Guaranty shall be construed as if such provision had never been a part of this Guaranty, and the remaining provisions shall continue in full force and effect.
- 15. **Joint and Several.** If more than one Guarantor signs this Guaranty, the obligations of each under this Guaranty are joint and several, and independent of the Obligations and of the obligations of any other person or entity. A separate action or actions may be brought and prosecuted against any one or more guarantors, whether action is brought against Borrower or other guarantors of the Obligations, and whether Borrower or others are joined in any such action.
- 16. **Notice.** Any notice, including notice of revocation, given by any party under this Guaranty shall be effective only upon its receipt by the other party and only if (a) given in writing and (b) personally delivered or sent by United States mail, postage prepaid, and addressed to Bank or Guarantor at their respective addresses for notices indicated below. Guarantor and Bank may change the place to which notices, requests, and other communications are to be sent to them by giving written notice of such change to the other.
- 17. **Governing Law.** This Guaranty shall be governed by and construed according to the laws of California, and, except as provided in any alternative dispute resolution agreement executed between Guarantor and Bank, Guarantor submits to the non-exclusive jurisdiction of the state or federal courts in said state.
- 18. **Dispute Resolution.** This Guaranty hereby incorporates any alternative dispute resolution agreement previously, concurrently or hereafter executed between Guarantor and Bank.

Executed as of DECEMBER 1, 2000. Guarantor acknowledges having received a copy of this Guaranty and having made each waiver contained in this Guaranty with full knowledge of its consequences.

**PABTECH, INC.**  
 BY: [Signature] President  
 TITLE

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**UNION BANK OF CALIFORNIA, N.A.**  
 BY: [Signature]  
 JOHN KASE  
 TITLE: VICE PRESIDENT

**Address for notices to Bank:**  
 ATTN:  
 SAN FERNANDO VALLEY COMMERCIAL BANKING OFFICE  
 5555 TOPANGA CANYON BLVD. #200  
 WOODLAND HILLS, CA 91367

**Address for notices to Guarantor:**  
 777 N.W. BLUE PARKWAY  
 LEE'S SUMMIT, MO 64086  
 Tax ID: 43-1725966