



THREE-WAY NON-DISCLOSURE AGREEMENT

SEMTEK INFORMATION:

Semtek Innovative Solutions Corporation ("Semtek")
12777 High Bluff Drive, Suite 225
San Diego, CA 92130
Tel: 858-436-2281
Fax: 858-436-2280
Nashina Asaria
Nashina@semtek.com

VERIFONE INFORMATION:

VeriFone, Inc. ("VeriFone")
2099 Gateway Place, 6th Floor
San Jose, CA 95110
Tel: 408-232-7840
Fax: 408-232-7841

Contact Name: Sue McGrady
Contact Phone: 770-643-6974
Contact Fax: 770-643-9416
E-mail Address: sue_mcgrady@verifone.com

COMPANY INFORMATION:

Company Name: (the "Company")
Place of Incorporation:
Principal Place of Business Address:

City/State/Provinces:
Zip: Country:
Contact Name:
Contact Phone:
Contact Fax:
E-mail Address:

This Agreement consists of three pages including this cover page and the attached terms and conditions.

EFFECTIVE DATE:

VeriFone and the Companies identified below (hereinafter referred to as the "Parties") have entered into this Agreement as of the Effective Date written above.

PURPOSE: To facilitate discussions about, and the evaluation of, a potential and/or an on-going business relationship among the Parties.

Signatures of the Parties for the Mutual Non-Disclosure Agreement:

SEMTEK INNOVATIVE SOLUTIONS CORPORATION

Authorized Signature

Name

Title

COMPANY:

Authorized Signature

Name

Title

VERIFONE, INC.

Authorized Signature

Name

Title

TERMS & CONDITIONS

THE PARTIES HEREBY AGREE AS FOLLOWS:

SECTION 1. PURPOSE OF DISCLOSURE

The Parties and their Affiliates (as defined in Section 3(A) below) would like to exchange Confidential Information (as defined in Section 2 below) solely in order to facilitate discussions about, and the exchange of information with respect to, the Purpose (as identified on the cover page of this Agreement). Each Party may be a disclosing party or a receiving party hereunder. Now, therefore, to ensure the protection of such Confidential Information and in consideration of the agreement to exchange information, the parties agree as follows:

SECTION 2. CONFIDENTIAL INFORMATION

Each party may find it beneficial to disclose to one or more of the other parties certain information on or after the Effective Date, including, without limitation any idea, trade secrets, finding, research, data, specification, process, technique, algorithm, architecture, know-how, invention, design, manufacturing, plan, drawing, sketch, product schematic, document, manual, report, study, photograph, sample, program, source code, object code, prototype, customer list, price list, pricing methods, product description, business plan, business concepts, marketing plan, financial information, or work in process. Such information, which is provided in written, encoded, graphic, or other tangible form shall be deemed to be confidential and proprietary if it is clearly marked confidential. If the information is provided orally, it shall be deemed to be confidential and proprietary if so identified by the disclosing party at the time of such disclosure. Each party may confirm, within five (5) days of making oral confidential statements, that such information was confidential and proprietary but failure to provide such statement shall not affect the nature of the information disclosed or detract from the protection afforded under this Agreement if such information was identified as confidential or proprietary when orally disclosed. The information disclosed as set forth above shall be deemed "Confidential Information."

SECTION 3. NON-DISCLOSURE OBLIGATIONS

Each party receiving Confidential Information shall treat such information as strictly confidential, and shall use the same care to prevent the disclosure of such information as such party uses with respect to its own confidential and proprietary information (which shall be no less than the care a reasonable person would use under similar circumstances) and to use the Confidential Information solely for the Purpose. In any event, each party receiving Confidential Information shall:

(A) Disclose such Confidential Information to only those officers, directors, employees, consultants and/or Affiliates ("Representatives") (1) whose duties justify their need to know such information and (2) who have been clearly informed of their obligation to maintain the confidential, proprietary and/or trade secret status of such Confidential Information. "Affiliates" shall mean any company, existing now or in the future, owning or owned by, either directly or indirectly, or controlling, controlled by or under common control with such party, and their directors, officers and employees;

(B) Disclose the fact that it has received such Confidential Information only to Representatives of such party (1) whose duties justify their need to know such fact and (2) who have been clearly informed of their obligation to maintain the confidential status of such fact; and

(C) Use such Confidential Information only for the purpose of reviewing, analyzing and discussing with the disclosing party.

Without the disclosing party's prior consent, the receiving party will not, and will direct its Representatives not to, disclose to any person either the fact that discussion or negotiations are taking place concerning cooperative activities or the status thereof. The term "person" as used in

this Agreement shall be broadly interpreted to include without limitation any corporation, company, partnership, other legal entity and individual.

If the receiving party wishes to disclose, reveal, or communicate any portion of the Confidential Information to any other party than the Representatives, it shall have to receive the disclosing party's written consent to such a disclosure and the receiving party undertakes to make sure that such a party shall sign a similar confidential and non-disclosure agreement with the disclosing party.

Each party receiving Confidential Information shall, immediately upon the request of the disclosing party or in the event that no cooperative activity is commenced between the parties, or upon fulfillment of the Purpose, (i) return to the disclosing party all Confidential Information received from the disclosing party, including all copies thereof made by the receiving party or any of its Representatives without retaining any copy thereof or any computer or other electronic record, (ii) destroy all materials incorporating or based on such Confidential Information which were prepared by the receiving party or any of its Representatives, (iii) certify to the disclosing party in writing that it has complied with the provisions of this Section 3 and (iv) ensure that any Representative to which it has disclosed the Confidential Information does the same.

SECTION 4. EXCEPTIONS TO NON-DISCLOSURE OBLIGATIONS

The obligations set forth in Section 3 above shall not apply to any Confidential Information:

(A) Which the disclosing party expressly agrees in writing is free of any nondisclosure obligations;

(B) Which, at the time of disclosure to the receiving party, was known to the receiving party or any of its Representatives (as evidenced by documentation in the possession of the receiving party or its Representatives) free of any nondisclosure obligations;

(C) Which is independently developed by the receiving party or any of its Representatives (as evidenced by documentation in the possession of the receiving party or its Representatives); or which is lawfully received by the receiving party or any of its Representatives, free of any nondisclosure obligations, from a third party which the receiving party or its Representatives reasonably believe has the right to so furnish such Confidential Information;

(D) Which is or becomes generally available to the public without any breach of this Agreement; or

(E) Which must be disclosed pursuant to applicable federal, state or local law, regulation, court order or other legal process, provided the receiving party has notified the disclosing party prior to such required disclosure and, to the extent reasonably possible, has given the disclosing party an opportunity to contest such required disclosure at the disclosing party's expense.

SECTION 5. TERM

This Agreement shall become effective as of the Effective Date and shall remain in effect until terminated by a party giving thirty (30) days' prior written notice of termination to the other parties. Upon any termination of this Agreement for any reason, each party's obligations hereunder with respect to Confidential Information received prior to such termination shall continue for a period of five (5) years after the date of such termination.

SECTION 6. GENERAL

A. NO COMMITMENT. No party has any obligation to disclose any Confidential Information to the other party. In addition, neither this Agreement, nor the disclosure or receipt of Confidential Information hereunder, shall constitute or imply any promise or intention by a party to enter into any other agreement or transaction or to continue discussions relating thereto.

B. NO LICENSE GRANTED. All Confidential Information shall remain the property of the disclosing party, and nothing contained in this Agreement shall be construed as granting or conferring any rights whether by license or otherwise to any Confidential Information.

C. COMPETITION. Nothing in this Agreement shall prohibit or restrict a party's right to disclose its own Confidential Information to any third party for any purpose whatsoever, nor to develop, use, license, acquire or market products or services similar to or competitive with those of the other party disclosed in the Confidential Information as long as it shall not thereby breach this Agreement. Additionally, each party acknowledges that the other parties may already possess or has developed products or services similar to or competitive with those of the other parties to be disclosed in the Confidential Information. Further, a party shall be free to use for any purpose the 'residuals,' provided that such party shall not use in any manner information that is considered Confidential Information under this Agreement and shall maintain the confidentiality of the Confidential Information as provided herein. The term 'residuals' means ideas, concepts, know-how or techniques that may be generated, developed or conceived by the receiving party in connection with reviewing the Confidential Information and in no circumstance shall 'residuals' be deemed to include Confidential Information. No party shall have any obligation to limit or restrict the assignment of such persons or to pay royalties for any work resulting from the use of residuals.

D. NO REPRESENTATIONS. No party shall be deemed to make any expressed or implied representation, warranty, assurance or guarantee with respect to any Confidential Information disclosed hereunder, including without limitation any representation or warranty of merchantability, fitness for any particular purpose, or non-infringement of intellectual property or other rights of third parties.

E. DISPUTE RESOLUTION; GOVERNING LAW AND FORUM. The parties to this Agreement shall use all reasonable efforts to resolve any disputes, controversies or differences arising out of or in connection with this Agreement amicably, including the use of a mutually agreeable, non-binding mediation procedure. Any dispute which cannot be settled by mutual agreement or mediation shall be finally and exclusively settled by arbitration held in San Francisco, California and conducted by the American Arbitration Association (the "AAA") in accordance with the International Arbitration Rules of the AAA, as modified or amended by the following provisions. Arbitration shall be by three (3) arbitrators, one chosen by each of the Parties. Once appointed pursuant to this procedure, the arbitral tribunal may order provisional or conservatory measures (including injunctive relief) at the request of one party and may embody such order in any final award. Nothing in the foregoing precludes, restricts or is intended to preclude or restrict the right of a party to seek injunctive or other equitable relief in an appropriate court of competent jurisdiction. English shall be the official language of the arbitration proceedings. The arbitrators shall make a decision which is in accordance with the terms of this Agreement, shall apply the law of the State of California, without regard to its conflicts of laws principles, and shall state the basis for any decision in writing. Judgment upon the award rendered may be entered in any court having jurisdiction or application may be made to such court for judicial acceptance of the award and an order of enforcement as the case may be.

F. SEVERABILITY. If any provision of this Agreement is determined to be unenforceable for any reason, the remaining provisions hereof shall be unaffected and remain in full force and effect.

G. MODIFICATIONS. Any modification, amendment, supplement, or other change to this Agreement must be in writing and signed by each of the parties. As used herein, the term "Agreement" shall include any future amendments or supplements hereto. An executed original of this Agreement may be delivered by facsimile, which shall be binding as an original.

H. WAIVERS. All waivers must be in writing. The failure of a party to insist upon strict performance of any provision of this

Agreement, or to exercise any right provided for herein, shall not be deemed to be a waiver for the future of such provision or right, and no waiver of any provision or right shall affect the right of the waiving party to enforce any other provision or right herein.

I. EQUITABLE REMEDIES. The parties agree that any breach of this Agreement, including without limitation any actual or threatened disclosure of Confidential Information without the express prior written consent of the disclosing party, would cause irreparable injury to the disclosing party for which no adequate remedy at law exists; therefore, the parties agree that in addition to all other remedies available to the parties, equitable remedies, including without limitation unilateral injunctive relief and specific performance, without the requirement of posting a bond (where applicable), are appropriate remedies to redress any breach or threatened breach of this Agreement by the receiving party, any of its Representatives, or any other persons directly or indirectly acting for or on behalf of or with the receiving party.

J. RIGHTS AND REMEDIES. All rights and remedies hereunder shall be cumulative, may be exercised singularly or concurrently, and shall not be deemed exclusive. If any legal action is brought to enforce any obligations hereunder, the prevailing party shall be entitled to receive its attorneys' fees, court costs and other collection expenses, in addition to any other relief it may receive. This Agreement is not intended to provide any rights or remedies to any person or entity other than the parties and their respective successors and assigns.

K. CONSTRUCTION. The headings and subheadings contained herein shall not be considered a part of this Agreement. This Agreement may be executed in several counterparts, all of which shall constitute one agreement. Each person and party executing this Agreement represents and warrants that it has full power and authority to enter into this Agreement on behalf of the entity, referenced in the signature block on the cover page. This Agreement may be delivered by means of facsimile transmission and facsimile copies shall be deemed originals if executed by each of the parties and delivered by facsimile. This Agreement shall bind, and inure to the benefit of, each party and its successors and assigns.

L. NOTICES. Any notice or communication permitted or required hereunder shall be in writing and shall be delivered in person or by courier, sent by electronic facsimile (fax), or mailed by certified or registered mail, postage prepaid, return receipt requested, and addressed as set forth on the cover page with a copy to the Legal Department or to such other address as shall be given in accordance with this Section 6(L). If notice is given in person, by courier or by fax, it shall be effective upon receipt; and if notice is given by mail, it shall be effective three (3) business days after deposit in the mail.

M. RELATIONSHIP BETWEEN PARTIES. Nothing contained in this Agreement shall be construed to constitute a party hereto as the partner, employee, agent or other representative of the other parties hereto.

N. EXPORT CONTROL LAWS. Each party shall comply with all provisions of the export control laws of the United States and other relevant countries as such laws currently exist and as they may be amended from time to time, with respect to any export of Confidential Information.

O. ENTIRE AGREEMENT. This Agreement is the final, complete and exclusive agreement between the parties relating to the Confidential Information, and supersedes all prior or contemporaneous proposals, understandings, representations, warranties, promises and other communications relating to such subject matter.

END OF TERMS & CONDITIONS