

MAXIMUS INC
Form 4
June 19, 2015

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
RUDDY RAYMOND B

(Last) (First) (Middle)

C/O MAXIMUS INC, 1891 METRO CENTER DRIVE

(Street)

RESTON, VA 20190

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
MAXIMUS INC [MMS]

3. Date of Earliest Transaction (Month/Day/Year)
06/17/2015

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Beneficial Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8) Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)							(Instr. 5)	
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Common Stock ⁽¹⁾	\$ 64.36	06/17/2015	A		39		<u>(2)</u>	<u>(2)</u>	Common Stock	39	\$ 0
Common Stock ⁽¹⁾	\$ 63.77	06/18/2015	A		39		<u>(4)</u>	<u>(4)</u>	Common Stock	39	\$ 0

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

RUDDY RAYMOND B
C/O MAXIMUS INC X
1891 METRO CENTER DRIVE
RESTON, VA 20190

Signatures

David R. Francis: As Attorney-In-Fact for: Raymond B
Ruddy

06/19/2015

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Each Restricted Stock Unit represents a contingent right to receive one share of common stock.
 Restricted Stock Units vest based upon the following schedule, subject to deferred vesting for a longer period at the election of individual,
 (2) as permitted by the terms of the award: Shares Vest Date 0 06/17/2016 0 06/17/2017 39 06/17/2018 Expiration date not applicable to RSUs
- (3) Reporting person also holds restricted stock units with respect to an additional 167,378 shares of common stock with varying vesting schedules.
 Restricted Stock Units vest based upon the following schedule, subject to deferred vesting for a longer period of the election of the
 (4) individual, as permitted by the terms of the award: Shares Vest Date 0 06/18/2016 0 06/18/2017 39 06/18/2018 Expiration date not applicable to RSUs
- (5) Reporting person also holds restricted stock units with respect to an additional 167,417 shares of common stock with varying vesting schedules.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number, except as otherwise provided to the contrary in ARTICLE FOUR, Executive agrees that the

covenants contained in this Section 3.1 shall inure to the benefit of any successor or assign of the Company, with the same force and effect as if such covenant had been made by Executive with such successor or assign. 3.2

CONSULTING AGREEMENT. Upon the termination of Executive's employment-other than in connection with (i) a voluntary termination by Executive under Section 4.5 or (ii) a termination by the Company for Misconduct, Executive hereby agrees to make himself available to perform, for a period not to exceed twelve (12) months following such termination of employment, such consulting services for the Company within his area of expertise as may from time to time be reasonably requested by the Board, and the Company may not terminate the consulting arrangement during such twelve (12)-month other than for Misconduct or a breach by Executive of his non-competition covenant under Section 3.1.2. However, Executive shall not be required to perform more than ten (10) hours of consulting services per month during the period of such consulting arrangement. 3.2.1 COMPENSATION Executive shall not receive any cash compensation for the consulting services rendered pursuant to this Section 3.2 if Executive is otherwise to receive salary continuation payments (or disability income payments) under ARTICLE FOUR in connection with his termination of employment. However, if Executive is required under Section 3.2 to render one or more hours of consulting services following a termination of employment in which he is not entitled to any salary continuation payments (or disability income payments) under ARTICLE FOUR, then Executive shall receive cash compensation for such services at the hourly rate to be negotiated in good faith with the Company at the time of each project assignment. 3.2.2 EXPENSE REIMBURSEMENT. Executive shall be entitled to reimbursement of all reasonable out-of-pocket expenses incurred in connection with the performance of his consulting services pursuant to this Section 3.2 upon presentation to the Company of appropriate documentation evidencing those expenses. 7 ARTICLE FOUR PAYOUT OF CONTRACT BENEFITS ----- 4.1 TERMINATION OF EMPLOYMENT.

Executive's employment may be terminated by either Executive or the Company at any time for the reasons and with the consequences set out below. In the event of such termination, Executive may become entitled to certain severance benefits under this Agreement in accordance with the provisions of this ARTICLE FOUR. 4.2 DEATH. Executive's employment shall terminate upon his death. 4.2.1 SEVERANCE BENEFITS. In such event, the Company shall provide the following severance benefits: - Salary continuation payments at the monthly rate of base salary in effect for Executive at the time of his death shall be paid to Executive's designated Beneficiary for a period of three (3) months following the date of Executive's death. The payments shall be made in accordance with the Company's normal payroll practices and shall be subject to the Company's collection of all applicable withholding taxes. - The Company shall, at its expense, provide Executive's surviving spouse and other eligible dependents with continued Health Care Coverage until the earlier of (i) eighteen (18) months after the date of Executive's death or (ii) the first date that such individuals are covered under another employer's health benefit program which provides substantially the same level of benefits without exclusion for pre-existing medical conditions. Such coverage will be in full satisfaction of any continued health care coverage to which Executive's surviving spouse or dependents would otherwise be entitled pursuant to the requirements of Code Section 4980B by reason of Executive's termination of employment ("COBRA Continuation Coverage"). 4.3 LONG-TERM DISABILITY. Either the Company or Executive may terminate Executive's employment, upon thirty (30) days prior written notice, by reason of his Long-Term Disability. Any such termination by the Company, however, shall be subject to the Company's compliance with the applicable requirements of the Americans with Disabilities Act. 8 4.3.1 COVENANTS. Following such termination of employment, Executive shall remain subject to the covenants and obligations set forth in Section 3.1 and Section 3.2 (but only the extent Executive is physically able to perform any consulting services in accordance therewith). 4.3.2 DISABILITY INCOME. Executive shall be entitled to receive short-term and long-term disability income benefits from the following sources in connection with the termination of his employment under this Section 4.3: - Executive shall be entitled to receive short-term disability benefits in the form of salary continuation payments, at one hundred percent (100%) of his base salary, for the first six (6) months of his disability period. Such payments shall be made pursuant to the terms of the Company's Short-Term Disability Income Plan, and Executive's eligibility for such payments shall be determined solely in accordance with the terms of that Plan. - Upon the expiration of the salary continuation period under the Short-Term Disability Income Plan, Executive shall become entitled to receive salary continuation payments in the monthly amount of Twenty-Five Thousand Dollars (\$25,000.00) pursuant to the terms of the special long-term disability income policies which the Company shall maintain on Executive's behalf. Such monthly payments shall continue until the earliest to occur of (i) Executive's attainment of age sixty five (65) or (ii) his failure to qualify for continued disability income payments under the terms of those policies or (iii) his return to

full-time employment with the Company or other business entity in substantially the same position he held immediately prior to his disability. Should Executive's attainment of age sixty five (65) be the earliest event, then such salary continuation payments shall be reduced to the amount of Fifteen Thousand Dollars (\$15,000.00) per month and shall continue at that level until the earliest to occur of (i) Executive's death or (ii) his failure to qualify for continued disability income payments under the terms of those policies or (iii) his return to full-time employment with the Company or other business entity in substantially the same position he held immediately prior to his disability. The long-term disability income policies shall be purchased from one or more insurance companies mutually acceptable to the Company and Executive, and all premiums on those policies shall be paid by the Company. The Company shall, throughout the term of this Agreement, continue to maintain the existing long-term income policies currently in effect for Executive. Such policies shall, however, be reviewed at least annually in terms of the financial stability of the insurer, and the Company shall use its best efforts to obtain replacement policies from one or more other financially-solvent insurance companies, to the extent the insurance company issuing one or more of the current policies is deemed by the Company or Executive to pose an unacceptable risk of insolvency. However, should Executive be unable to qualify for coverage under one or more replacement policies needed to provide the benefits contemplated by this Section 4.3.2, then Executive's entitlement to disability income payments hereunder shall be reduced to the actual dollar amount of the income payments provided by the remaining policies and shall be reduced to zero if there are no remaining policies. Executive shall look exclusively to the Company's Short-Term Disability Income Plan and any long-term disability income policies maintained on his behalf pursuant to this Section 4.3.2 for the payment of his disability benefits hereunder, and the Company shall have no obligation to provide any long-term disability income payments out of the Company's own funds and shall not be the guarantor of the disability income benefits contemplated by this Section 4.3.2.

4.3.3 HEALTH CARE COVERAGE. The Company shall, at its expense, provide Executive and his eligible dependents with continued Health Care Coverage until the earliest to occur of (i) the Executive's death or (ii) the first date that such individuals are covered under another employer's health benefit program which provides substantially the same level of benefits without exclusion for pre-existing medical conditions or (iii) his return to full-time employment with the Company or other business entity in substantially the same position he held immediately prior to his disability. The period of such Company-paid coverage shall be credited against any period of COBRA Continued Care Coverage to which Executive and his eligible dependents may, at their sole cost, be entitled by reason of Executive's termination of employment and shall not be in addition to such period of COBRA Continued Care Coverage.

4.4 TERMINATION BY THE COMPANY FOR MISCONDUCT. The Company may terminate Executive's employment for Misconduct.

4.4.1 NO CONTRACT BENEFITS. Should Executive's employment be terminated for Misconduct, Executive shall have no right to receive any severance benefits under this Agreement. However, Executive shall be entitled to receive (i) any unpaid compensation earned for services rendered through the date of such termination and (ii) any accrued but unpaid vacation benefits or sick days.

4.4.2 COVENANTS. Following such termination for Misconduct, Executive shall comply with his covenants and obligations under Section 3.1 but shall not be subject to any consulting agreement under Section 3.2.

4.5 VOLUNTARY TERMINATION BY EXECUTIVE. Executive may, upon thirty (30) days prior written notice to the Company, voluntarily terminate his employment at any time.

4.5.1 NO CONTRACT BENEFITS. Following Executive's termination of employment under this Section 4.5, Executive shall have no right to receive any severance benefits under this Agreement, but he and his eligible dependents shall be entitled, at their sole cost, to receive COBRA Continuation Coverage. In addition, Executive shall be entitled to receive (i) any unpaid compensation earned for services rendered through the date of such termination and (ii) any accrued but unpaid vacation benefits or sick days.

4.5.2 COVENANTS. Following such termination of employment, Executive shall comply with his covenants and obligations under Section 3.1 (other than Section 3.1.2) but shall not be subject to any consulting agreement under Section 3.2.

4.6 TERMINATION BY THE COMPANY FOR JUSTIFIABLE REASON. The Company may terminate Executive's employment at any time for Justifiable Reason.

4.6.1 SEVERANCE BENEFITS. Upon the Company's termination of Executive's employment under this Section 4.6, the Company shall provide the following severance benefits: - Executive shall be entitled to receive an immediate lump sum severance payment equal to one (1) times his Average Annual Compensation. The payment shall be made within thirty (30) days following the Executive's termination date and shall be subject to the Company's collection of all applicable withholding taxes - Executive shall be entitled to receive salary continuation payments, at the monthly rate of base salary in effect for him at the time of his termination of employment, for a period of twelve (12) months. The

payments shall be made in accordance with the Company's normal payroll practices and shall be subject to the Company's collection of all applicable withholding taxes. Payments shall commence with the first payday following Executive's termination date. However, should Executive obtain a position of full-time employment during the salary continuation period, then the dollar amount of the salary continuation payments shall be reduced by the salary earned by Executive during such period for services rendered to his new employer. - The Company shall, at its expense, provide Executive and his eligible dependents with continued Health Care Coverage until the earlier of (i) twelve (12) months after the Executive's termination date or (ii) the first date that such individuals are covered under another employer's health benefit program which provides substantially the same level of benefits without exclusion for pre-existing medical conditions. The period of such Company-paid coverage shall be credited against any period of COBRA Continued Care Coverage to which Executive and his eligible dependents may, at their sole cost, be entitled by reason of Executive's termination of employment and shall not be in addition to such period of COBRA Continued Care Coverage.

4.6.2 COVENANTS. Following the termination of Executive's employment pursuant to this Section 4.6, Executive shall comply with all his covenants and obligations under Section 3.1 and Section 3.2.

4.7 TERMINATION BY THE COMPANY WITHOUT CAUSE. The Company may terminate Executive's employment at any time Without Cause.

4.7.1 SEVERANCE BENEFITS. Upon the Company's termination of Executive's employment under this Section 4.7, the Company shall provide the following severance benefits: - Executive shall be entitled to receive an immediate lump sum severance payment equal to one (1) times his Average Annual Compensation. The payment shall be made within thirty (30) days following the Executive's termination date and shall be subject to the Company's collection of all applicable withholding taxes. - Executive shall be entitled to receive an additional benefit in an amount equal to one (1) times his Average Annual Compensation. This additional benefit shall be paid in equal increments over a twelve (12)-month period in accordance with the Company's normal payroll practices and shall be subject to the Company's collection of all applicable withholding taxes. Payment shall commence with the first payday following Executive's termination date. - The Company shall, at its expense, provide Executive and his eligible dependents with continued Health Care Coverage until the earlier of (i) twelve (12) months after the date of Executive's termination or (ii) the first date that such individuals are covered under another employer's health benefit program which provides substantially the same level of benefits without exclusion for pre-existing medical conditions. The period of such Company-paid coverage shall be credited against any period of COBRA Continued Care Coverage to which Executive and his eligible dependents may, at their sole cost, be entitled by reason of Executive's termination of employment and shall not be in addition to such period of COBRA Continued Care Coverage.

4.7.2 Covenants. Following the termination of Executive's employment pursuant to this Section 4.7, Executive shall comply with all his covenants and obligations under Sections 3.1 and 3.2.

13 ARTICLE FIVE MISCELLANEOUS PROVISIONS -----

5.1 TERMINATION OF HEALTH COVERAGE. Any Health Care Coverage to which Executive or his eligible dependents may become entitled pursuant to the provisions of ARTICLE FOUR or any COBRA Continuation Coverage to which such individuals are otherwise entitled by law shall immediately terminate upon the occurrence of any of the following events: - Executive and his eligible dependents become covered under another employer's health benefit program, which provides substantially the same level of benefits without exclusion for pre-existing medical conditions; - The individual fails to pay the applicable premium for the Health Care Coverage prior the expiration of any applicable grace period following the due date for such premium; - Any Company-paid coverage will immediately terminate should the Executive fail to perform his obligations under ARTICLE THREE, to the extent those obligations are applicable pursuant to the provisions of ARTICLE FOUR following his termination of employment; or - The Company discontinues all health care coverage programs for active employees.

5.2 DESIGNATION OF BENEFICIARY. Executive may designate from time to time the person or persons who are to be his designated Beneficiary under this Agreement. Each such designation shall be evidenced by a written, signed document delivered to the Company's Corporate Secretary, and each new designation shall automatically supersede and revoke the prior existing designation. In the absence of any such designation, the Beneficiary shall be the Executive's estate.

5.3 ENTIRE AGREEMENT. This Agreement, together with the contemporaneous Change in Control Severance Benefit Agreement between the Company and Executive (the "Change in Control Benefit Agreement"), contains the entire agreement and understanding between Executive and the Company regarding the severance benefits to which Executive may become entitled upon his cessation of employment and supersedes and replaces all prior contracts, understandings and representations (whether oral or written) regarding the terms and conditions of such severance benefits. Neither this Agreement nor the Change in Control Benefit

Agreement may be modified except by a writing executed by both Executive and the Company. 14 5.4 ASSIGNMENT BY THE COMPANY. This Agreement shall be binding upon and shall inure to the benefit of any successors or assigns of the Company. As used in this Agreement, the term "successor" includes any person or group of persons acting in concert who at any time in any form or manner acquires all or substantially all of the assets or business of the Company or more than thirty (30%) of the outstanding voting securities of the Company. Accordingly, this Agreement, together with the Change in Control Benefit Agreement, shall continue in full force and effect following any such assignment to the successor entity. 5.5. GENERAL CREDITOR STATUS The benefits to which Executive may become entitled under this Agreement (except those attributable to his options) shall be paid, when due, from the general assets of the Company. The right of the Executive (or his Beneficiary) to receive any such payments shall at all times be that of a general creditor of the Company and will have no priority over the claims of other general creditors of the Company. 5.6. DEATH. Should Executive die before receipt of all benefits to which he may become entitled under this Agreement, then the payment of such benefits shall be made, on the due date or dates hereunder had Executive survived, to his Beneficiary. Should Executive die before he has exercised all his outstanding vested Options, then each such Option may be exercised, during the applicable exercise period in effect for such Option, by the executors or administrators of Executive's estate or by the Person to whom the Option is transferred pursuant to the Executive's will or in accordance with the laws of inheritance. 5.7. MISCELLANEOUS. The provisions of this Agreement shall be construed and interpreted under the laws of the State of Arizona. If any provision of this Agreement as applied to any party or to any circumstance should be adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, the invalidity of that provision shall in no way affect (to the maximum extent permissible by law) the application of such provision under circumstances different from those adjudicated by the court, the application of any other provision of this Agreement, or the enforceability or invalidity of this Agreement as a whole. 5.8 ARBITRATION. Any controversy which may arise between Executive and the Company with respect to the construction, interpretation or application of any of the terms, provisions or conditions of this Agreement or any monetary-claim arising from or relating to this Agreement shall be submitted to final and binding arbitration in Tucson, Arizona in accordance with the rules of the American Arbitration Association then in effect. 15 5.9. NO EMPLOYMENT OR SERVICE CONTRACT. Nothing in this Agreement shall confer upon Executive any right to continue in the employment of the Company for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company or Executive, which rights are hereby expressly reserved by each, to terminate Executive's employment at any time for any reason whatsoever, with or without cause. 5.10 NOTICES. Any notice provided for by this Agreement and any other notice, demand, designation or communication which either party may wish to send to the other ("Notices") shall be in writing and shall be deemed to have been properly given if served by (i) personal delivery, (ii) registered or certified mail, return receipt requested in a sealed envelope, postage and other charges prepaid, or (iii) telegram, telecopy, telex, facsimile or other similar form of transmission followed by delivery pursuant to clause (i) or (ii), in each case addressed to the party for which such Notice is intended as follows: If to the Company: Board of Directors Burr-Brown Corporation 6730 South Tucson Boulevard Tucson, AZ 85706 FAX: (520) 746-7752 If to Executive: Syrus P. Madavi _____ FAX: (520)_____ 5.10.1 CHANGE OF ADDRESS. Any address or specified in this Section 5.10 may be changed by a Notice given by the addressee to the other party in accordance with this Section 5.10. 5.10.2 EFFECTIVE DATE OF NOTICE. All Notices shall be given and effective as of the date of personal delivery thereof or the date of receipt set forth on the return receipt. The inability to deliver because of a changed address of which no Notice was given or rejection or other refusal to accept any Notice shall be deemed to be the receipt of the Notice as of the date of such inability to deliver or rejection or refusal to accept. 16 IN WITNESS WHEREOF, this Severance Benefit Agreement has been executed and delivered by the parties as of the date first set forth above. /s/ SYRUS P. MADAVI ----- Syrus P. Madavi, Executive BURR-BROWN CORPORATION By: /s/ THOMAS R. BROWN, JR. ----- Title: Chairman of the Board 17 Exhibit 10(a)(vii) ----- CHANGE IN CONTROL SEVERANCE BENEFIT AGREEMENT ----- CHANGE IN CONTROL SEVERANCE BENEFIT AGREEMENT (the "Agreement") executed this 30th day of October 1996 (the "Effective Date") by and between BURR-BROWN CORPORATION, a Delaware corporation (the "Company"), and SYRUS P. MADAVI, the Company's President and Chief Executive Officer (the "Executive"). R E C I T A L S - - - - - A. The Executive is currently employed on an "at-will" basis by the Company as the Company's President and Chief Executive Officer. B. The Company and the

Executive wish to enter into a formal agreement under which the Executive will be provided with certain defined severance benefits in the event his employment were to terminate under specified circumstances following a change in control or ownership of the Company. NOW THEREFORE, the Company and Executive mutually agree as follows:

ARTICLE ONE DEFINITIONS ----- For purposes of this Agreement, the following definitions shall be in effect:

1.1 ACTUAL FIVE-YEAR AVERAGE COMPENSATION means Executive's average W-2 wages and other compensation received from the Company for the five (5) calendar years completed immediately prior to the calendar year in which a Parachute Event occurs. Any W-2 wages or other compensation for a partial year of employment with the Company will be annualized, in accordance with the frequency with which such wages are paid during such partial year, before inclusion within Executive's Actual Five-Year Average Compensation. If any of Executive's compensation from the Company during such five (5)-year or shorter period was not included in his W-2 wages for U.S. income tax purposes because such compensation was excludible from income as foreign earned income under Code Section 911 or as pre-tax income under Code Section 125 or 402(g), then such compensation shall nevertheless be included in Executive's Actual Five-Year Average Compensation to the same extent as if it were part of his W-2 wages.

1.2 AVERAGE ANNUAL COMPENSATION means the sum of the following dollar amounts: (i) the average rate of base salary in effect for the Executive over the three (3)-year period ending with the date of his termination of employment with the Company or, if greater, over the three (3) year period ending immediately prior to the Parachute Event plus (ii) the average bonus earned or accrued by Executive on the basis of corporate and personal performance over the three (3) fiscal years of the Company immediately preceding the fiscal year of Executive's termination, or if greater, over the three (3)-year, period immediately preceding the fiscal year of the Parachute Event, whether or not the actual payment of those bonuses occurred within that three (3) year period.

1.3 BENEFICIARY means any person or persons designated from time to time by Executive pursuant to Section 6.2 to receive any benefits under this Agreement which may become due and payable to Executive following his death.

1.4 BOARD means the Board of Directors of the Company.

1.5 CHANGE OF CONTROL means a change of ownership or control of the Company (other than a Hostile Take-Over under Section 1.12) effected pursuant to one or more of the following events: (i) the acquisition by any person (or any group of related persons acting in concert) of beneficial ownership (as defined in Rule 13d-3 under the Securities Exchange Act) of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company's then outstanding securities; or (ii) a merger or consolidation in which securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company's then outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such merger or consolidation; or (iii) the sale of all or substantially all of the Company's assets in complete liquidation or dissolution of the Company.

1.6 CODE means the Internal Revenue Code of 1986 as amended.

1.7 COMPETE means directly or indirectly to engage in activities for, render services to or otherwise participate in the ownership (other than ownership of less than five percent (5%) of the outstanding equity or capital or profit interests in any entity) of any business competitive with any line of business engaged in by the Company.

1.8 CONFIDENTIAL INFORMATION means any non-public proprietary or confidential information of the Company or its parent or subsidiary companies, including (without limitation) trade secrets; customer lists and information concerning vendors, suppliers, licensors or licensees; records or research, proposals, reports, methods, techniques, financial information and other data, and other non-public information regarding the Company and its parent or subsidiary companies or the existing and planned businesses, properties or affairs of the Company and its parent or subsidiary companies.

1.9 CONSTRUCTIVE TERMINATION means Executive's resignation from employment with the Company at any time after a Change in Control but within six (6) months after the occurrence of one or more of the following events: (i) the assignment to Executive of any duties of materially lesser status, dignity and character than his duties on the Effective Date, or a substantial reduction in the nature or status of his responsibilities from those in effect on the Effective-Date; (ii) a greater than ten percent (10%) reduction in Executive's level of compensation (including base salary, fringe benefits and target bonuses (to the extent those targets are expressed as a percentage of base salary) under any Company performance-based incentive plans); (iii) a relocation of Executive's principal place of employment by more than fifty (50) miles; or Any reduction in compensation which occurs in connection with an across-the board reduction in the level of compensation payable to the Company's executive officers or senior management shall not constitute grounds for a clause (ii) resignation, unless implemented within twelve (12) months after a Change in Control.

1.10 CONTRACT PAYOUT EVENT means any one of the following events which transpire after a Change in Control or Hostile Take-Over, as further

detailed in ARTICLE FOUR: (i) Executive's voluntary termination of employment within two (2) years after the effective date of such Change in Control or Hostile Take-Over; (ii) Executive's termination of employment within six (6) months after an event of Constructive Termination; or (iii) the Company's termination of Executive's employment Without Cause. 3 1.11 HEALTH CARE COVERAGE means the continued health care coverage under the Company's group health plans to which Executive and his eligible dependents will become entitled under this Agreement upon a Contract Payout Event. 1.12 HOSTILE TAKE-OVER means either of the following events: (i) the acquisition by any person (or related group of persons), whether by tender or exchange offer made directly to the Company's stockholders, private purchases from one or more of the Company's stockholders, open market purchases or any other transaction, of beneficial ownership of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities pursuant to a tender offer made directly to the Company's stockholders which the Board does not recommend such stockholders to accept, or (ii) a change in the composition of the Board over a period of twenty-four (24) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (a) have been Board members continuously since the beginning of such period or (b) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (a) who were still in office at the time such election or nomination was approved by the Board. 1.13 JUSTIFIABLE REASON means the Company's termination of Executive's employment for one or more of the following reasons: (i) Executive's willful refusal to carry out the reasonable directives of the Board or (ii) Executive's failure to correct one or more material performance deficiencies within a reasonable period after receipt of written notice from the Board identifying those deficiencies. The reasonableness of the correction period for the identified deficiencies shall be determined on the basis of the nature and scope of those particular deficiencies. 1.14 MISCONDUCT means Executive's (i) commission of any act of fraud, dishonesty or embezzlement; (ii) commission of any other willful and malicious act which has a materially adverse financial impact upon the Company; (iii) habitual neglect of his duties by reason of substance abuse or other repeated unexcused absences; or (iv) conviction of a felony which has a materially adverse financial impact upon the Company. 1.15 OPTION means any option to purchase shares of the Company's common stock granted to Executive by the Company and outstanding at the time of a Parachute Event. 4 1.16 OPTION PARACHUTE PAYMENT means, with respect to each Option accelerated in whole or in part in connection with a Parachute Event or the subsequent termination of Executive's employment, the portion of that Option deemed to be a parachute payment under Code Section 280G and the Treasury Regulations issued thereunder. The portion of such Option which is categorized as an Option Parachute Payment shall be calculated in accordance with the valuation provisions established under Code Section 280G and the applicable Treasury Regulations and shall include an appropriate dollar adjustment to reflect the lapse of Executive's obligation to remain in the Company's employ as a condition to the vesting of the accelerated installment. In no event, however, shall the Option Parachute Payment attributable to any Option (or accelerated installment) exceed the spread (the excess of the fair market value of the accelerated option shares over the option exercise price payable for those shares) existing at the time of acceleration. 1.17 OTHER PARACHUTE PAYMENT means any payment in the nature of compensation (other than an Option Parachute Payment) which is made to Executive in connection with a Parachute Event or the subsequent termination of his employment and which accordingly qualifies as a parachute payment within the meaning of Code Section 280G(b)(2) and the Treasury Regulations issued thereunder. 1.18 PARACHUTE EVENT means a Change in Control or Hostile Take-Over, to the extent such transaction constitutes a change in ownership or control of the Company under Code Section 280G and the Treasury Regulations issued thereunder. 1.19 PRESENT VALUE means the value, determined as of the date of the applicable Parachute Event, of any payment in the nature of compensation to which Executive becomes entitled in connection with either the Parachute Event or the subsequent termination of his employment. The Present Value of each such payment shall be determined in accordance with the provisions of Code Section 280G(d)(4), utilizing a discount rate equal to one hundred twenty percent (120%) of the applicable Federal rate in effect at the time of such determination, compounded semi-annually to the effective date of the Parachute Event. 1.20 PLAN means the Company's 1993 Stock Incentive Plan, as amended from time to time, and any successor equity incentive plan maintained by the Company. 1.21 SEVERANCE BENEFIT AGREEMENT means the Severance Benefit Agreement which the Company and Executive will execute contemporaneously with this Agreement or any successor or replacement agreement, to the extent any such agreement is in effect at the time. 1.22 WITHOUT CAUSE means the Company's termination of Executive's employment for any reason other than

Misconduct or Justifiable Reason. 5 ARTICLE TWO GENERAL PROVISIONS ----- 2.1 TERM. This Agreement shall remain in effect through December 31, 1999. The term of this Agreement shall be automatically renewed for each subsequent calendar year during which Executive continues in the Company's employ, unless the Company terminates this Agreement as of the first day of any calendar year beginning after December 31, 1999 by providing Executive with written notice of such termination at least one hundred (180) days prior to the start of that calendar year. In the event the Company elects to so terminate this Agreement prior to a Change in Control or Hostile Take-Over, then the following provisions shall become effective: - The Company and Executive shall in good faith negotiate a new change in control severance benefits agreement to replace this Agreement, effective as of the termination date of this Agreement. - If agreement cannot be reached as to the terms and conditions of such a replacement agreement, then Executive shall have the right to terminate his employment within six (6) months after the termination date of this Agreement and shall thereupon become entitled to severance benefits to be reasonably agreed upon by the Company and Executive on the basis of severance packages in effect for similarly-situated chief executive officers in the industry. If the Company elects to terminate this Agreement after a Change in Control or Hostile Take-Over, then Executive shall, upon his termination of employment within six (6) months after the effective date on which this Agreement is so terminated, be treated as if his termination of employment were a termination by the Company Without Cause, and all the provisions of Section 4.3 shall accordingly apply to such termination of employment. 2.2 OPTION GRANTS. Any new Options granted to Executive under the Plan during the term of this Agreement shall incorporate the following terms and provisions: - Each Option shall become immediately exercisable for all of the option shares as fully-vested shares upon a Change in Control in which that Option is not assumed by the successor entity (or the parent company). Any Option so assumed in a Change in Control shall subsequently become exercisable for all the option shares as fully-vested shares if Executive's employment is terminated within two (2) years after such Change in Control either by the Company Without Cause or by Executive in connection with a Constructive Termination. 6 - Each Option shall, subject to the benefit limitations of ARTICLE FIVE, become immediately exercisable for all of the option shares as fully-vested shares upon the occurrence of a Hostile Take-Over. - Each Option shall remain exercisable for a period of twelve (12) months following the termination of Executive's employment in connection with a Contract Payout Event, but in no event beyond the expiration date of the option term. 7 ARTICLE THREE COVENANTS AND CONSULTING AGREEMENT ----- 3.1 COVENANTS. Executive shall be subject to the following covenants and obligations: 3.1.1 RETURN OF DOCUMENTS. Upon the termination of Executive's employment for any reason, Executive shall promptly relinquish and return to the Company all Confidential Information and all files, correspondence, memoranda, diaries and other records, minutes, notes, manuals, papers and other documents and data, however prepared or memorialized, and all copies thereof, belonging to or relating to the business of the Company, that are in Executive's custody or control, whether or not they contain Confidential Information. 3.1.2 NON-COMPETITION COVENANT. While employed by the Company, Executive shall not Compete or plan or prepare to Compete with the Company. To the extent obligated pursuant to the provisions of ARTICLE FOUR. Executive shall not, for a period of twelve (12) months following the termination of his employment, Compete with any line of business in which (i) the Company is engaged at the time his employment terminates or (ii) the Company is preparing to engage pursuant to plans or proposals approved by the Board prior to such termination. 3.1.3 NON-SOLICITATION COVENANT. For a period of twenty-four (24) months following the termination of Executive's employment with the Company for any reason other than in connection with a Hostile Take-Over, Executive shall not, directly or indirectly, solicit the services of any Company employees or otherwise induce or attempt to induce any Company employees to sever their employment relationship with the Company. 3.1.4 SCOPE AND DURATION; SEVERABILITY. The Company and Executive understand and agree that the scope and duration of the covenants contained in this Section 3.1 are reasonable both in time and geographical area and are fairly necessary to protect the business of the Company. Such covenants shall survive the termination of Executive's employment, except that the Section 3.1.2 non-competition covenant shall remain in effect following such termination of employment only to extent required pursuant to the provisions of ARTICLE FOUR. It is further agreed that such covenants shall be regarded as divisible and shall be operative as to time and geographical area to the extent that they may be made so operative, and should any portion of such covenants be declared invalid or unenforceable, the validity and enforceability of the remainder shall not be affected. 8 3.1.5 ASSIGNMENT. Except as otherwise provided to the contrary in ARTICLE FOUR, Executive agrees that the covenants contained in this Section 3.1 shall inure to the benefit of any successor or assign of the Company, with the same force and effect as if such covenant had

been made by Executive with such successor or assign. 3.2 CONSULTING AGREEMENT. Should Executive's employment terminate within two (2) years following a Change in Control, then Executive shall make himself available to perform, for a period not to exceed twelve (12) months following such termination of employment, such consulting services for the Company within his area of expertise as may from time to time be reasonably requested by the Board, and the Company may not terminate the consulting arrangement during such twelve (12)-month other than for Misconduct or breach by Executive of his non-competition covenant under Section 3.1.2. However, Executive shall not be required to perform more than ten (10) hours of consulting services per month during the period of such consulting arrangement. Such consulting, agreement shall not be applicable in the event Executive's employment terminates after a Hostile Take-Over. 3.2.1 COMPENSATION. Executive shall not receive any cash compensation for the consulting services rendered pursuant to this Section 3.2 if Executive is otherwise to receive salary continuation payments under ARTICLE FOUR in connection with his termination of employment. However, should Executive be required under Section 3.2 to render one or more hours of consulting services following a termination of employment in which he is not entitled to any salary continuation payments under ARTICLE FOUR, then Executive shall receive cash compensation for such services at the hourly rate to be negotiated in good faith with the Company at the time of each project assignment. 3.2.2 EXPENSE REIMBURSEMENT. Executive shall be entitled to reimbursement of all reasonable out-of-pocket expenses incurred in connection with the performance of his consulting services pursuant to this Section 3.2 upon presentation to the Company of appropriate documentation evidencing those expenses. 3.3 CONSIDERATION FOR COVENANTS AND CONSULTING AGREEMENT. Should Executive's employment terminate in connection with a Change in Control, then the value of his non-competition covenant under Section 3.1.2 and his consulting agreement under Section 3.2 shall be determined by independent appraisal, and the severance benefits payable to Executive under ARTICLE FOUR shall, to the extent of such appraised value, be allocated as reasonable compensation for such covenant and consulting agreement. Executive and the Company shall, within ten (10) business days following such Change in Control, select an independent third party (either an experienced tax counsel or a nationally recognized accounting firm) to perform the appraisal required under this Section 3.3. Should Executive and the Company be unable to mutually agree upon the selection of such third party, then Executive shall designate a nationally recognized accounting firm to perform such appraisal, provided such firm has not previously served as the 9 Company's independent auditors or provided prior tax advice to Executive on personal matters. 10 ARTICLE FOUR PAYOUT OF CONTRACT BENEFITS ----- 4.1 CHANGE OF CONTROL. Executive may voluntarily terminate his employment in connection with a Change of Control, provided such termination is, pursuant to written notice delivered to the Company, effected within two (2) years after such Change in Control. 4.1.1 COVENANTS. Following such termination of employment, Executive shall comply with all his covenants and obligations under Sections 3.1 and 3.2. 4.1.2 SEVERANCE BENEFITS. Upon the termination of Executive's employment in connection with the Change in Control, the Company shall provide the following severance benefits: - Executive shall be entitled to receive an immediate lump sum severance payment equal to one (1) times his Average Annual Compensation. The payment shall be made within thirty (30) days following the Executive's termination date and shall be subject to the Company's collection of all applicable withholding taxes. - Executive shall be entitled to receive an additional benefit in an amount equal to one (1) times his Average Annual Compensation. This additional benefit shall be paid in equal increments over a twelve (12)-month period in accordance with the Company's normal payroll practices and shall be subject to the Company's collection of all applicable withholding taxes. Payment shall commence with the first payday following Executive's termination date. - The Company shall, at its expense, provide Executive and his eligible dependents with continued Health Care Coverage until the earlier of (i) twelve (12) months after the Executive's termination date or (ii) the first date that such individuals are covered under another employer's health benefit program which provides substantially the same level of benefits without exclusion for pre-existing medical conditions. The period of such Company-paid coverage shall be credited against any period of COBRA Continued Care Coverage to which Executive and his eligible dependents may, at their sole cost, be entitled by reason of Executive's termination of employment and shall not be in addition to such period of COBRA Continued Care Coverage. 11 4.2 CONSTRUCTIVE TERMINATION. Executive may, following a Change in Control, terminate his employment within six (6) months after any event qualifying as a Constructive Termination under Section 1.9. 4.2.1 COVENANTS. Following such termination of employment, Executive shall comply with all his covenants and obligations under Sections 3.1 and 3.2. 4.2.2 SEVERANCE BENEFITS. Upon Executive's termination of employment under this Section 4.7, the Company shall provide the following severance

benefits: - Executive shall be entitled to receive an immediate lump sum severance payment equal to two (2) times his Average Annual Compensation. The payment shall be made within thirty (30) days following the Executive's termination date and shall be subject to the Company's collection of all applicable withholding taxes. - Executive shall be entitled to receive an additional benefit in an amount equal to one (1) times his Average Annual Compensation. This additional benefit shall be paid in equal increments over a twelve (12)-month period in accordance with the Company's normal payroll practices and shall be subject to the Company's collection of all applicable withholding taxes. Payment shall commence with the first payday following Executive's termination date. - The Company shall, at its expense, provide Executive and his eligible dependents with continued Health Care Coverage until the earlier of (i) twelve (12) months after the Executive's termination date or (ii) the first date that such individuals are covered under another employer's health benefit program which provides substantially the same level of benefits without exclusion for pre-existing medical conditions. The period of such Company-paid coverage shall be credited against any period of COBRA Continued Care Coverage to which Executive and his eligible dependents may, at their sole cost, be entitled by reason of Executive's termination of employment and shall not be in addition to such period of COBRA Continued Care Coverage.

4.3 TERMINATION BY THE COMPANY WITHOUT CAUSE. The Company may, at any time following a Change in Control, terminate Executive's employment Without Cause.

4.3.1 SEVERANCE BENEFITS. Upon the Company's termination of Executive's employment under this Section 4.3, the Company shall provide the following severance benefits: 12 - Executive shall be entitled to receive an immediate lump sum severance payment equal to three (3) times his Average Annual Compensation. The payment shall be made within thirty (30) days following the Executive's termination date and shall be subject to the Company's collection of all applicable withholding taxes. - Executive shall be entitled to receive an additional benefit in an amount equal to one (1) times his Average Annual Compensation. This additional benefit shall be paid in equal increments over a twelve (12)-month period in accordance with the Company's normal payroll practices and shall be subject to the Company's collection of all applicable withholding taxes. Payment shall commence with the first payday following Executive's termination date. - The Company shall, at its expense, provide Executive and his eligible dependents with continued Health Care Coverage until the earlier of (i) twelve (12) months after the date of Executive's termination or (ii) the first date that such individuals are covered under another employer's health benefit program which provides substantially the same level of benefits without exclusion for pre-existing medical conditions. The period of such Company-paid coverage shall be credited against any period of COBRA Continued Care Coverage to which Executive and his eligible dependents may, at their sole cost, be entitled by reason of Executive's termination of employment and shall not be in addition to such period of COBRA Continued Care Coverage.

4.3.2 COVENANTS. Following the termination of Executive's employment pursuant to this Section 4.3, Executive shall comply with all his covenants and obligations under Sections 3.1 and 3.2.

4.4 HOSTILE TAKEOVER. Executive may terminate his employment in connection with a Hostile Takeover, provided such termination is, pursuant to written notice delivered to the Company, effected within two (2) years after such Hostile Takeover.

4.4.1 COVENANTS. Following such termination of employment, Executive shall have no obligation to perform his covenants under Section 3.1.2 or his consulting agreement under Section 3.2.

4.4.2 SEVERANCE BENEFITS. Upon the termination of Executive's employment in connection with the Hostile Take-Over, the Company shall provide the following severance benefits: 13 - Executive shall, within ten (10) business days following his termination of employment, receive a lump sum payment equal to two (2) times his Average Annual Compensation. Such lump sum payment shall be subject to the Company's collection of all applicable withholding taxes. - The Company shall, at its expense, provide Executive and his eligible dependents with continued Health Care Coverage until the earlier of (i) twelve (12) months after the Executive's termination date or (ii) the first date that such individuals are covered under another employer's health benefit program which provides substantially the same level of benefits without exclusion for pre-existing medical conditions. The period of such Company-paid coverage shall be credited against any period of COBRA Continued Care Coverage to which Executive and his eligible dependents may, at their sole cost, be entitled by reason of Executive's termination of employment and shall not be in addition to such period of COBRA Continued Care Coverage.

4.4.3 OPTION ACCELERATION. Whether or not Executive terminates his employment pursuant to this Section 4.4, all Options outstanding at the time of the Hostile Takeover shall, subject to the benefit limitations of ARTICLE FIVE, vest and become exercisable for all of the underlying shares of the Company's common stock immediately prior to the effective date of such Hostile Takeover. Executive may exercise his Options for such vested shares at any time until the earlier of (i) the specified expiration date of the option term or (ii) the expiration of the twelve (12)-month period measured from his termination

date, and any Options not exercised prior to the applicable expiration date shall lapse. 14 ARTICLE FIVE BENEFIT LIMITATION ----- 5.1. LIMITATION ON SEVERANCE BENEFITS. In the event of a Parachute Event, the following limitations shall become applicable to the benefits payable to Executive pursuant to this Agreement: 5.1.1 BENEFIT REDUCTION. If the Parachute Event constitutes a Change in Control, then the dollar amount of the severance benefits to which Executive becomes entitled under ARTICLE FOUR shall be reduced to the extent necessary to assure that the present value of those payments will not, when added to the present value of the Option Parachute Payment and Other Parachute Payments to which Executive may also be entitled upon such Change in Control, exceed 2.99 times Executive's Actual Five-Year Average Compensation (the "Parachute Limit"). Any acceleration of Executive's unvested Options, whether at the time of the Change in Control or upon the subsequent termination of Executive's employment within two (2) years after such Change in Control, shall only be limited to the extent necessary to provide Executive with the maximum after-tax benefit available, after taking into account any parachute excise tax which might otherwise be payable by Executive under Code Section 4999 (and any analogous State income tax provision) with respect to his total benefit package. However, if the Parachute Event constitutes a Hostile Take-Over, then no reduction shall be made to the Executive's severance benefits under ARTICLE FOUR and no limitation shall be imposed upon the acceleration of Executive's outstanding Options, except to the extent (if any) necessary to provide Executive with the maximum after-tax benefit available, after taking into account any parachute excise tax which might otherwise be payable by Executive under Code Section 4999 (and any analogous State income tax provision) with respect to his total benefit package. 5.1.2 RESOLUTION OF DISPUTES. Should there arise any dispute between Executive and the Company as to whether one or more benefits to which Executive becomes entitled (whether under this Agreement, the Options or otherwise) in connection with a Parachute Event constitute Option Parachute Payments or Other Parachute Payments, such dispute is to be resolved as follows: - In the event temporary, proposed or final Treasury Regulations in effect at the time under Code Section 280G specifically address the status of such benefits or the method for their valuation, the characterization afforded to such benefits by the Regulations, together with the methods prescribed for their valuation, shall be controlling. - In the event such Regulations do not address the status of the benefits in dispute, the matter shall be submitted for resolution to independent counsel mutually acceptable to Executive and the Company 15 ("Independent Counsel"). The resolution reached by Independent Counsel shall be final and controlling. However, should the Independent Counsel determine that the status of the benefits in dispute can be resolved through the obtainment of a private letter ruling from the Internal Revenue Service, a formal and proper request for such ruling shall be prepared and submitted by Independent Counsel, and the determination made by the Internal Revenue Service in the issued ruling shall be controlling. All expenses incurred in connection with the retention of Independent Counsel and (if applicable) the preparation and submission of the ruling request shall be paid by the Company. - The present value of each Option Parachute Payment and each of the Other Parachute Payments (including any salary continuation payments and Health Care Coverage under ARTICLE FOUR) shall be determined in accordance with the provisions of Code Section 280G(d)(4) and the Treasury Regulations issued thereunder. 5.1.3 HOLD-BACK OF BENEFITS. Any severance benefits to which Executive may become entitled under ARTICLE FOUR shall not be paid to Executive until any amounts in dispute under Section 5.1.2 have been resolved in accordance herewith. However, any portion of such severance benefits which would not otherwise exceed the benefit limitation of Section 5.1.1 even if all amounts in dispute under Section 5.1.2 were to be resolved against Executive shall be paid to Executive in accordance with the applicable provisions of ARTICLE FOUR 5.1.4 OVERRIDING LIMITATION. Executive shall in all events be entitled to receive the full amount of his severance benefits under ARTICLE FOUR, to the extent those benefits, when added to the present value of his Option Parachute Payment and Other Parachute Payments (excluding such severance benefits), will nevertheless qualify as reasonable compensation within the standards established under Code Section 280G(b)(4). 16 ARTICLE SIX MISCELLANEOUS PROVISIONS ----- 6.1 TERMINATION OF HEALTH COVERAGE. Any Health Care Coverage to which Executive or his eligible dependents may become entitled pursuant to the provisions of ARTICLE FOUR or any COBRA Continuation Coverage to which such individuals are otherwise entitled by law shall immediately terminate upon the occurrence of any of the following events: - Executive and his eligible dependents become covered under another employer's health benefit program which provides substantially the same level of benefits without exclusion for pre-existing medical conditions; - The individual fails to pay the applicable premium for the Health Care Coverage prior the expiration of any applicable grace period following the due date for such premium; - Any Company-paid coverage will immediately terminate should the

Executive-fail to perform his obligations under ARTICLE THREE, to the extent those obligations are applicable pursuant to the provisions of ARTICLE FOUR following his termination of employment; or - The Company discontinues all health care coverage programs for active employees. 6.2 DESIGNATION OF BENEFICIARY. Executive may designate from time to time the person or persons who are to be his designated Beneficiary under this Agreement. Each such designation shall be evidenced by a written, signed document delivered to the Company's Corporate Secretary, and each new designation shall automatically supersede and revoke the prior existing designation. In the absence of any such designation, the Beneficiary shall be the Executive's estate. 6.3 ENTIRE AGREEMENT. This Agreement, together with the Severance Benefit Agreement (to the extent in effect at the time), contains the entire agreement and understanding between Executive and the Company regarding the severance benefits to which Executive may become entitled upon his cessation of employment and supersedes and replaces all prior contracts, understandings and representations (whether oral or written) regarding the terms and conditions of such severance benefits. Neither this Agreement nor the Severance Benefit Agreement may be modified except by a writing executed by both Executive and the Company. 17 6.4 ASSIGNMENT BY THE COMPANY. This Agreement shall be binding upon and shall inure to the benefit of any successors or assigns of the Company. As used in this Agreement, the term "successor" includes any person or group of persons acting in concert who at any time in any form or manner acquires all or substantially all of the assets or business of the Company or more than thirty (30%) of the outstanding voting securities of the Company. Accordingly, this Agreement, together with the Severance Benefit Agreement (to the extent otherwise in effect at the time), shall continue in full force and effect following any such assignment to the successor entity. 6.5. GENERAL CREDITOR STATUS. The benefits to which Executive may become entitled under this Agreement (except those attributable to his Options) shall be paid, when due, from the general assets of the Company. The right of the Executive (or his Beneficiary) to receive any such payments shall at all times be that of a general creditor of the Company and will have no priority over the claims of other general creditors of the Company. 6.6. DEATH. Should Executive die before receipt of all benefits to which he may become entitled under this Agreement, then the payment of such benefits shall be made, on the due date or dates hereunder had Executive survived, to his Beneficiary. Should Executive die before he has exercised all his outstanding vested Options, then each such Option may be exercised, during the applicable exercise period in effect for such Option, by the executors or administrators of Executive's estate or by the Person to whom the Option is transferred pursuant to the Executive's will or in accordance with the laws of inheritance. 6.7. MISCELLANEOUS. The provisions of this Agreement shall be construed and interpreted under the laws of the State of Arizona. If any provision of this Agreement as applied to any party or to any circumstance should be adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, the invalidity of that provision shall in no way affect (to the maximum extent permissible by law) the application of such provision under circumstances different from those adjudicated by the court, the application of any other provision of this Agreement, or the enforceability or invalidity of this Agreement as a whole. 6.8 ARBITRATION. Any controversy which may arise between Executive and the Company with respect to the construction, interpretation or application of any of the terms, provisions or conditions of this Agreement or any monetary claim arising from or relating to this Agreement shall be submitted to final and binding arbitration in Tucson, Arizona in accordance with the rules of the American Arbitration Association then in effect. 18 6.9 NO EMPLOYMENT OR SERVICE CONTRACT. Nothing in this Agreement shall confer upon Executive any right to continue in the employment of the Company for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company or Executive, which rights are hereby expressly reserved by each, to terminate Executive's employment at any time for any reason whatsoever, with or without cause. 6.10 NOTICES. Any notice provided for by this Agreement and any other notice, demand, designation or communication which either party may wish to send to the other ("Notices") shall be in writing and shall be deemed to have been properly given if served by (i) personal delivery, (ii) registered or certified mail, return receipt requested in a sealed envelope, postage and other charges prepaid, or (iii) telegram, teletype, telex, facsimile or other similar form of transmission followed by delivery pursuant to clause (i) or (ii) in each case addressed to the party for which such Notice is intended as follows: If to the Company: Board of Directors Burr-Brown Corporation 6730 South Tucson Boulevard Tucson, AZ 85706 FAX: (520) 746-7752 If to Executive: Syrus P. Madavi _____ FAX: (520) _____ 6.10.1 CHANGE OF ADDRESS. Any address or specified in this Section 6.10 may be changed by a Notice given by the addressee to the other party in accordance with this Section 6.10. 6.10.2 EFFECTIVE DATE OF NOTICE. All Notices shall be given and effective as of the date of personal delivery thereof or the date of receipt set forth on the

return receipt. The inability to deliver because of a changed address of which no Notice was given or rejection or other refusal to accept any Notice shall be deemed to be the receipt of the Notice as of the date of such inability to deliver or rejection or refusal to accept. 19 IN WITNESS WHEREOF, this Severance Benefit Agreement has been executed and delivered by the parties as of the date first set forth above. /s/ SYRUS P. MADAVI ----- Syrus P. Madavi, Executive BURR-BROWN CORPORATION /s/ THOMAS R. BROWN, JR. By: ----- Title: Chairman of the Board 20 Exhibit 10(a)(viii) ----- TEXAS INSTRUMENTS October 24, 2000 To: Mr. Syrus Madavi Re: Letter Agreement This letter confirms our agreement on the following matters with respect to your employment with Texas Instruments Incorporated or any of its Subsidiaries ("Company"). Effective 1/1/01, you shall receive a base salary at an annual rate of \$425,000, payable in accordance with the applicable payroll practices and subject to increases at the sole discretion of TI. You will be eligible to participate in employee benefit plans generally provided to similarly situated employees in accordance with the terms thereof from time to time. You will be entitled to and shall abide by all applicable employment and personnel policies in effect from time to time. In recognition of both your continued employment for one year post-close of the Burr-Brown acquisition, and your agreement to the competitive and non-solicitation restrictions in your existing Change in Control Severance Benefit Agreement dated October 30, 1996, the Company will pay you a Special Payment. The Special Payment ("Special Payment") will be \$3.5 million less compensation paid to you or for your benefit (including base salary, profit sharing and retirement plan contributions other than your salary deferral contributions) with respect to the period 1/1/01 through 8/23/01. This Special Payment will be paid to you in four (4) substantially equal installments payable on 11/30/00, 2/28/01, 5/31/01 and 8/31/01. In the event you resign before one of the payment dates listed above, you will not be eligible for the remaining Special Payment(s). In case of Involuntary termination, however, all remaining payments will become due and payable to you on the respective payment dates. The amount of the fourth Special Payment installment may be estimated by the Company in anticipation of your profit sharing entitlement for the period of 1/1 through 8/23 of year 2001. You agree to reimburse the Company for any overpayment of the fourth Special Payment no later than 30 days after you are notified of any such overpayment. The Company agrees to pay you for any underpayment of the Special Payment no later than 3/31/02. The four Special Payment installments will not be considered eligible earnings for purposes of TI profit sharing, 401 (k) and other retirement benefits. For the portion of the calendar year after August 24, 2001, you will be entitled to receive a prorated bonus equal to at least 80% of the normal performance bonus paid in cash to respect of such period to TI's 5th highest paid executive officer, as will be reported in TI's 2002 proxy statement. This bonus will be paid during the first quarter of 2002 provided you are employed by the Company on the payment date. For example, if TI's 5th highest executive officer at the end of 2001 earned a normal performance bonus of \$100,000 for all of 2001, then you will receive a bonus of at least \$28,274 ($\$100,000 \times .8 \times 129/365$). For year 2002, you will be entitled to receive a bonus equal to at least 80% of the normal performance bonus paid in cash in respect of such period to TI's 5th highest paid executive officer, as will be reported in TI's 2003 proxy statement. Should you terminate before 8/15/02, you will not be eligible to receive such bonus. Should your employment be terminated after 8/15/02 but before the end of the year, your bonus would be prorated to reflect 2002 calendar days employed. This bonus will be paid during the first quarter of 2003. Beginning 1/1/2003, you will be eligible, during your continued employment, to participate in the Company's normal bonus programs as commensurate with similarly situated employees. Upon your agreement to the terms of this letter, we will recommend to the Compensation Committee of the Board of Directors of TI that you immediately be awarded a non-qualified option under the Texas Instruments 2000 Long-Term Incentive Plan (the "Plan") to purchase an aggregate of 250,000 shares of common stock of TI, par value of \$1.00 ("TI Stock"), at an exercise price equal to the fair market value of TI Stock as of the date of grant. Each stock option shall have a term of ten (10) years and shall vest 50% on 11/01/01 and 50% on 8/01/02, provided you remain employed by the Company on each date. The vested portion of such stock option shall be exercisable for the remainder of the full term regardless of your termination of employment. The Company agrees that your option agreement will not include any provisions requiring a repayment to the company for any profit (spread between Option Price and market price of the TI Stock on the date of exercise) realized from the exercising of such options. The stock options will include a non-competition provision for the same period and with respect to the same companies as set forth in the last paragraph of this letter. The stock options granted pursuant to this paragraph shall be subject to the remainder of the terms of the Plan. The stock options granted pursuant to this paragraph will not fully vest upon your termination of employment as a result of the change of control in connection with the Burr-Brown acquisition. As a condition of continued employment with the Company, you shall promptly execute and

deliver to the Company an Employee Trade Secrets Information Acknowledgement, an Assignment of Invention and Company Information Agreement, a Release of Records and such other documents as TI reasonably may require from time to time with respect to its new employees or similarly situated employees, if you have not otherwise done so. Effective beginning six months after August 24, 2000, should either you or the Company terminate your employment, such termination will be considered Without Cause for the purpose of severance calculation as outlined in your Change In Control Severance Benefit Agreement. It is agreed that the options granted to you by Burr-Brown, which remain unvested, will vest in full upon such termination, given that such termination occurs on or before August 23, 2002. For purposes of clarification. It is agreed that with regard to the acceleration of vesting of options, any services performed as a consultant will not constitute employment. The Change In Control Severance Benefit Agreement dated October 30, 1996 Is modified as provided in the immediately preceding paragraph. To the extent there may be a conflict, the terms of this letter will govern. This letter, also, supercedes and voids your June 20, 2000 letter agreement signed by Tom Engibous. In addition to your obligations under the aforesaid severance agreement, you agree not to provide services, directly or indirectly, as an employee or otherwise for a period of one year following your termination of employment to Analog Devices, Incorporated, Linear Technology Corporation & Maxim Integrated Products, Incorporated. Very truly yours, TEXAS INSTRUMENTS INCORPORATED /s/ RICHARD K.

TEMPLETON ----- Richard K. Templeton Chief Operating Officer Executive Vice President I agree to the foregoing terms and conditions: /s/ SYRUS MADAVI 10-24-2000 ----- Syrus Madavi Date
 Exhibit 11 ----- TEXAS INSTRUMENTS INCORPORATED AND SUBSIDIARIES EARNINGS (LOSS) PER COMMON AND DILUTIVE POTENTIAL COMMON SHARE (Millions of Dollars, Except Per-share Amounts)
 Years ended December 31 ----- 2001 2000 1999 ---- - - - - Income (loss) before cumulative effect of an accounting change \$ (201) \$ 3,087 \$ 1,451 Add: Interest, net of tax effect, on convertible debentures assumed converted -- 6 ----- Adjusted income (loss) before cumulative effect of an accounting change (201) 3,093 1,451 Cumulative effect of an accounting change. . . . -- (29) ----- Adjusted net income (loss) \$ (201) \$ 3,064 \$ 1,451 =====
 ===== Diluted earnings (loss) per common and dilutive potential common share: Weighted average common shares outstanding (in thousands) 1,734,506 1,717,484 1,680,282 Weighted average dilutive potential common shares: Stock option and compensation plans. . . . -- 69,367 69,377 Convertible debentures -- 4,779 ----- Weighted average common and dilutive potential common shares. 1,734,506 1,791,630 1,749,659 =====
 Diluted earnings (loss) per common share: Income (loss) before cumulative effect of an accounting change. \$ (.12) \$ 1.73 \$.83 Cumulative effect of an accounting change. . . -- (.02) ----- Net income (loss) \$ (.12) \$ 1.71 \$.83 =====
 ===== Basic earnings (loss) per common share: Weighted average common shares outstanding (in thousands) 1,734,506 1,717,484 1,680,282 =====
 ===== Basic earnings (loss) per common share: Income (loss) before cumulative effect of an accounting change. \$ (.12) \$ 1.80 \$.86 Cumulative effect of an accounting change. . . -- (.02) ----- Net income (loss) \$ (.12) \$ 1.78 \$.86 =====

----- Exhibit 12 ----- TEXAS INSTRUMENTS INCORPORATED AND SUBSIDIARIES COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES (Dollars in Millions) 2001 2000 1999 1998 1997 ---- - - - - - Income from continuing operations before income taxes plus fixed charges and amortization of capitalized interest less interest capitalized. . . (\$316) \$4,702 \$2,205 \$815 \$973 =====
 ===== Fixed charges: Total interest on loans (expensed and capitalized). \$74 \$98 \$84 \$86 \$115 Interest attributable to rental and lease expense 33 32 30 41 44 ----- Fixed charges \$107 \$130 \$114 \$127 \$159 =====
 ===== Ratio of earnings to fixed charges. . . * 36.2 19.3 6.4 6.1 =====
 *The ratio is not meaningful. The coverage deficiency was \$423 million in 2001. Exhibit 21 -----

----- TEXAS INSTRUMENTS INCORPORATED AND SUBSIDIARIES LIST OF SUBSIDIARIES OF THE REGISTRANT The following are current subsidiaries of the Registrant. Subsidiary and Name Under Which Business is Done Where Organized
 ----- Auto Circuits, Inc. Massachusetts Automotive Sensors & Controls Dresden GmbH Germany Benchmarq Microelectronics Corporation of South Korea Delaware Burr-Brown AG Switzerland Burr-Brown Europe Limited United Kingdom Burr-Brown Foreign Sales Corporation Barbados Burr-Brown International Holding Corporation Delaware Burr-Brown Ltd. Cayman Islands Burr-Brown Pte Ltd.

Singapore Butterfly Communications Inc. Delaware European Engineering and Technologies S.p.A. Italy Fast Forward Technologies Limited United Kingdom ICOT International Limited United Kingdom I.I.I. Foreign Sales Corporation Barbados Intelligent Instrumentation GmbH Germany Intelligent Instrumentation, Inc. Arizona Intelligent Instrumentation S.A. France Intelligent Instrumentation S.R.L. Italy Silicon Systems (Singapore) Pte Ltd. Singapore Telogy Networks, Inc. Delaware Texas Instrumentos Eletronicos do Brasil Limitada Brazil Texas Instruments A/S, Denmark Denmark Texas Instruments Asia Limited Delaware Texas Instruments Australia Pty Limited Australia Texas Instruments Automotive Sensors and Controls Delaware San Jose Inc. Texas Instruments (Bahamas) Limited Bahamas Texas Instruments Belgium S.A. Belgium Texas Instruments Burlington Incorporated Delaware Texas Instruments Business Expansion GmbH Germany Texas Instruments Canada Limited Canada Texas Instruments (China) Company Limited China Texas Instruments China Incorporated Delaware Texas Instruments Copenhagen ApS Denmark Texas Instruments de Mexico, S. de R.L. de C.V. Mexico Texas Instruments Deutschland GmbH Germany Texas Instruments Electronic Systems Sdn. Bhd. Malaysia Texas Instruments Espana, S.A. Spain Texas Instruments Finance GmbH & Co. KG Germany Texas Instruments Foreign Sales Corporation Barbados Texas Instruments France S.A. France Texas Instruments Gesellschaft m.b.H. Austria Texas Instruments Holland B.V. Netherlands Texas Instruments Hong Kong Limited Hong Kong Texas Instruments (India) Private Limited India Texas Instruments Insurance (Bermuda) Limited Bermuda Texas Instruments International Capital Corporation Delaware Texas Instruments International (Overseas) Limited United Kingdom Texas Instruments International Trade Corporation Delaware Texas Instruments (Ireland) Limited Ireland Texas Instruments Israel Ltd. Israel Texas Instruments Italia S.p.A. Italy Texas Instruments Japan Limited Japan Texas Instruments Korea Limited Korea Texas Instruments Limited United Kingdom Texas Instruments Malaysia Sdn. Bhd. Malaysia Texas Instruments Oy Finland Texas Instruments Palo Alto Incorporated California Texas Instruments (Philippines) Incorporated Delaware Texas Instruments Richardson LLC Delaware Texas Instruments San Diego Incorporated California Texas Instruments Santa Rosa Incorporated California Texas Instruments (Shanghai) Co., Ltd. China Texas Instruments Singapore (Pte) Limited Singapore Texas Instruments Supply Company Texas Texas Instruments Taiwan Limited Taiwan Texas Instruments Trade & Investment Company S.A. Panama Texas Instruments Tucson Corporation Delaware TI Europe Limited United Kingdom TI Information Engineering International Incorporated Delaware TI Mexico Trade, S.A. de C.V. Mexico TI (Philippines), Inc. Philippines Unitrode Corporation Maryland Unitrode Electronics Asia Limited Hong Kong Unitrode Electronics GmbH Germany Unitrode Electronics (Singapore) Pte Ltd. Singapore Unitrode-Maine Maine Exhibit 23 ----- CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS We consent to the incorporation by reference in this Annual Report on Form 10-K of Texas Instruments Incorporated of our report dated January 28, 2002, included in the proxy statement for the 2002 annual meeting of stockholders of Texas Instruments Incorporated. Our audits also included the financial statement schedule of Texas Instruments Incorporated listed in Item 14(a). This schedule is the responsibility of the Registrant's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein. We also consent to the incorporation by reference in the following registration statements, and in the related prospectuses thereto, of our report dated January 28, 2002 with respect to the consolidated financial statements and schedule of Texas Instruments Incorporated, included in or incorporated by reference in this Annual Report on Form 10-K for the year ended December 31, 2001: Registration Statements (Forms S-8) No. 33-61154, No. 33-21407 (as amended), No. 33-42172, No. 33-54615, No. 333-07127 (as amended), No. 333-41913, No. 333-41919, No. 333-31319, No.333-31321 (as amended), No. 333-31323, No. 333-48389, and No. 333-44662, and Registration Statements (Forms S-3) No. 333-03571, No. 333-93011, No. 333-37208, and No. 333-44572 (as amended), and Registration Statements (Forms S-4) No. 333-89433, No. 333-89097, No. 333-87199, No. 333-80157, and No. 333-41030 (as amended). Dallas, Texas ERNST & YOUNG LLP February 27, 2002