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## PURCHASE OFFER AGREEMENT

This Agreement constitutes the terms of the proposed acquisition of AVC Technology Inc., a Delaware corporation, by Epogy Communications Inc., a California corporation.

1. Pursuant to this cash for stock transaction (the "Transaction", which will be implemented in as efficient a manner as possible under applicable law) Epogy will promptly offer to purchase and AVC's shareholders will have the opportunity to transfer and assign to Epogy all outstanding stock of AVC (and all claims with respect to such stock, on a fully diluted basis). Notwithstanding anything to the contrary, if less than 100% but 90% or more of the shares are proffered for purchase by Epogy, Epogy will close upon the purchase of the shares proffered (at the Per Share Price described below) no later than July 31, 2000. Thereafter Epogy will pursue a statutory short form merger in which those shareholders who did not accept the proffer would be entitled to receive an amount per share equal to the Per Share Price. It is also Epogy's intent that upon closing 100% ownership by Epogy, AVC will be absorbed into Epogy (rather than maintained as a wholly owned subsidiary), and, subject to any limits on assignability with respect to AVC contracts, Epogy will succeed to all assets, rights, causes of action and claims of AVC, including without limitation, current assets, equipment software, CAD tools, technology, products, research and development results, intellectual property (including patents, copyrights, mask works, trade marks and all related rights) and know-how (together with the documents, writings, and electronic and magnetic files relating thereto). Assuming the same per share price in the Transaction and the short form merger, the total purchase price Epogy will pay for 100% of AVC shall be in any event the Per Share Price in the Transaction will be divided by the total number of outstanding shares on a fully diluted basis. Epogy represents that it is an accredited investor and is purchasing the AVC shares for investment for its own account.

1.1 Following the sale of their shares hereunder, no AVC shareholders will have any obligation or liability (other than to transfer their shares free of claims) in connection with the Transaction or AVC.

1.2 Without limiting the foregoing, and subject to the close of Epogy's purchase of a minimum of 90% of AVC's outstanding shares, AVC will allow Epogy access to such documents, writings, and digital files as may be appropriate for Epogy to continue such of the research and development as it deems appropriate.

2. Upon execution of this Agreement, Epogy will send the attached offer letter to all AVC shareholders. AVC will diligently seek shareholder participation in the above sale and transfer by sending the attached letter from AVC, and thereafter, Bob Woo, the current major shareholder of AVC, will reasonably cooperate with Epogy, at Epogy's expense, in Epogy's efforts to wind down AVC's operations and dissolve its corporate charter, if Epogy elects to do so.

2.1 AVC represents and warrants that, to the best of its knowledge, (i) it has no outstanding unpaid tax obligations, (ii) it was not profitable in 1999, and AVC therefore believes it has no tax liabilities for income tax in that year. The accounting firms for AVC will cooperate

in the preparation and filing of all required tax returns for periods prior to January 1, 2000, and will discuss in good faith with Epogy any taxes, liens, and obligations arising out of and/or from activities of AVC prior to January 1, 2000. Epogy will be responsible to prepare and file the tax returns for AVC's operations on and after January 1, 2000.

2.2 AVC will be responsible for all known obligations and claims relating to and/or arising out of any and all employment, consulting and/or other relationships relating to AVC prior to the Closing, except as may be expressly agreed in writing. In addition, AVC is not aware of any factual or legal basis for any materially adverse obligation or claim relating to and/or arising out of any and all employment, consulting and/or other relationships relating to AVC.

3. The parties will cooperate with respect to the above transfer and assignment.

3.1 AVC will make reasonable efforts to ensure that all officers, employees and directors of AVC sign such assignments and/or transfers as may be appropriate to implement the transfers and assignments contemplated.

3.2 Subject to the close of Epogy's purchase of a minimum of 90% of AVC's outstanding shares, AVC consents to Epogy's efforts to recruit and solicit AVC employees to join Epogy.

3.3 Subject to the close of Epogy's purchase of a minimum of 90% of AVC's outstanding shares, AVC consents to Epogy's use of and communication with any and all consultants, suppliers and other third parties who had business relations with AVC.

3.4 AVC and Epogy do not intend there will be any materially adverse change in the business, value or assets of AVC since May 1, 2000 and the close of Epogy's purchase of a minimum of 90% of AVC's outstanding shares; provided that the diminution of funds in the ordinary course of business and/or to meet its obligations under this Agreement will not constitute a materially adverse change. Without limiting the foregoing:

3.4.1 Since May 1, 2000, the business of AVC shall have been conducted in the ordinary course, and there shall have been no materially adverse change in the business, prospects, operations, earnings, assets or financial condition of AVC.

3.4.2 Since May 1, 2000, there shall have been no materially adverse change to the cash, assets, intellectual property, liabilities and/or obligations of AVC, nor shall AVC have made or incurred any obligation other than those in the ordinary course of business.

3.4.3 Since January 1, 2000, there shall have been no dividend, redemption or similar distribution, or any stock split, recapitalization or stock issuance of any kind by AVC, unless (i) such dividend, redemption, distribution, stock split, recapitalization or stock issuance is required as part of this Agreement, and/or (ii) as reasonably agreed to in writing by Epogy.

4. Miscellaneous

4.1 Other than with the express prior written consent of the other parties or as contemplated by this Agreement, no party shall disclose to the public or to any third party the existence of this Agreement or the proposed transactions described herein, except to pertinent governmental authorities, agents, counsel, accountants, consultants, financial institutions or investment bankers of such parties, or as otherwise required by law. The parties have entered a mutually acceptable non-disclosure agreement that remains in effect.

4.2 Except as otherwise provided herein, each party will be responsible for its own expenses in connection with all matters relating to the Transaction herein proposed; Bob Woo will be responsible to arrange for payment by AVC of all legal expenses of AVC prior to the close of the Transaction.


4.3 The parties will cooperate in good faith to implement the transactions contemplated and to close the assignments and transfers as promptly and efficiently as reasonably possible.


4.4 This Agreement shall be governed by internal laws of the State of Delaware. Any dispute regarding this Agreement shall be resolved in a court in the County of Santa Clara, California. The parties consent to venue in any court therein having subject matter jurisdiction and to the exercise by such court of personal jurisdiction over such party.

By their signatures below, as of July 17, 2000, the parties confirm their agreement to the foregoing.

AVC TECHNOLOGY INC.

EPOGY COMMUNICATIONS INC.

By:   
Bob Woo, Chairman

By:   
Peter Courture, Secretary &  
Member of the Board

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