

GMT Microelectronics

TO: Dennis Peasenell
FROM: Michael Hayman
RE: March 1998 Logistics Review
DATE: 4/11/98

Planning: Gross revenue for the month was \$1,721,588. Actual revenue wafer outs were 5206 versus the original target of 6000. Total scrap for the month was 842.

We are working with UTR to pin down the existing purchase orders so they coincide with the established agreement of Q2-12/Q3-8/Q4-4/Q1-4. No additional orders are expected for the A075 (81300) from WD. We will ship the balance of this WIP in April.

Purchasing:

Savings on purchase requisitions totaled \$2,875 for the month. This includes savings from the qualification of Praxair's Forming gas and Nitrous Oxide which should result in annual savings of \$8,000 per year.

All raw material items have been set up in Platinum. We will be on-line with all non-stock purchases by the end of Q2. The new system will greatly enhance our ability to track vendor performance, provide better control of purchases and inventory, and streamline invoice administration.

The contract with Praxair has been signed. We continue to work with engineering to get as many gasses qualified as quickly as possible. As said before, this will result in better quality control, lower inventory socking requirements, and cost savings on gasses and the monthly rental charge on gas bottles. To date, 7 out of the 39 targeted gasses have been qualified for production.

Visited Lucent Technologies to establish Q2 EPI wafer pricing and volumes. Pricing will remain steady through Q2 while volumes are cut by 30%. During the extensive tour of their facility, future opportunities became apparent such as quick-turn packaging, high current implant services, burn-in board assembly, and quartz purchases.

Unisil backseal qual lots are currently running and are expected out for evaluation in April. Unisil is currently the preferred wafer supplier for our own products. Qualifying Unisil will improve delivery reliability because it will greatly reduce the manufacturing cycle time. Also, qualifying their backseal will

lay the groundwork for future price reductions. N & P type monitor wafers are also being evaluated and are expected to be qualified in April.

Products: Established SMT as GMT's East Coast tape and reel solution. Visited their facility to see their capabilities, conduct an ISO audit, and negotiate pricing.

IBM- Received quotes for the LDO and SCSI I. Lower pricing for final test on new products and lower hourly probe costs were established. They have begun work on the SCSI program; the LDO test development will be done at GMT. The rel quote on the 1555/57 timer has been received along with the revised rel quote on the 38HC4x. Normalized payment terms with IBM.

Carsem- Initial proposal on GMT tester/handler deal. 1st timer lot sent for assembly. Additional PWM lots sent for assembly to compensate for the current low yields on this part.

Met with Jerry Bessey of PPI to discuss tester and handler requirements.

The 1st SCSI lot was started in the fab and is expected out towards the end of April. 2 Timer lots have come out of the fab, the 3rd lot (rel requirements) is on hold waiting test results.

Currently, GMT has no handling capability for the SOT-23-5 package. Initial parts for rel testing and samples will have to be hand-plugged.

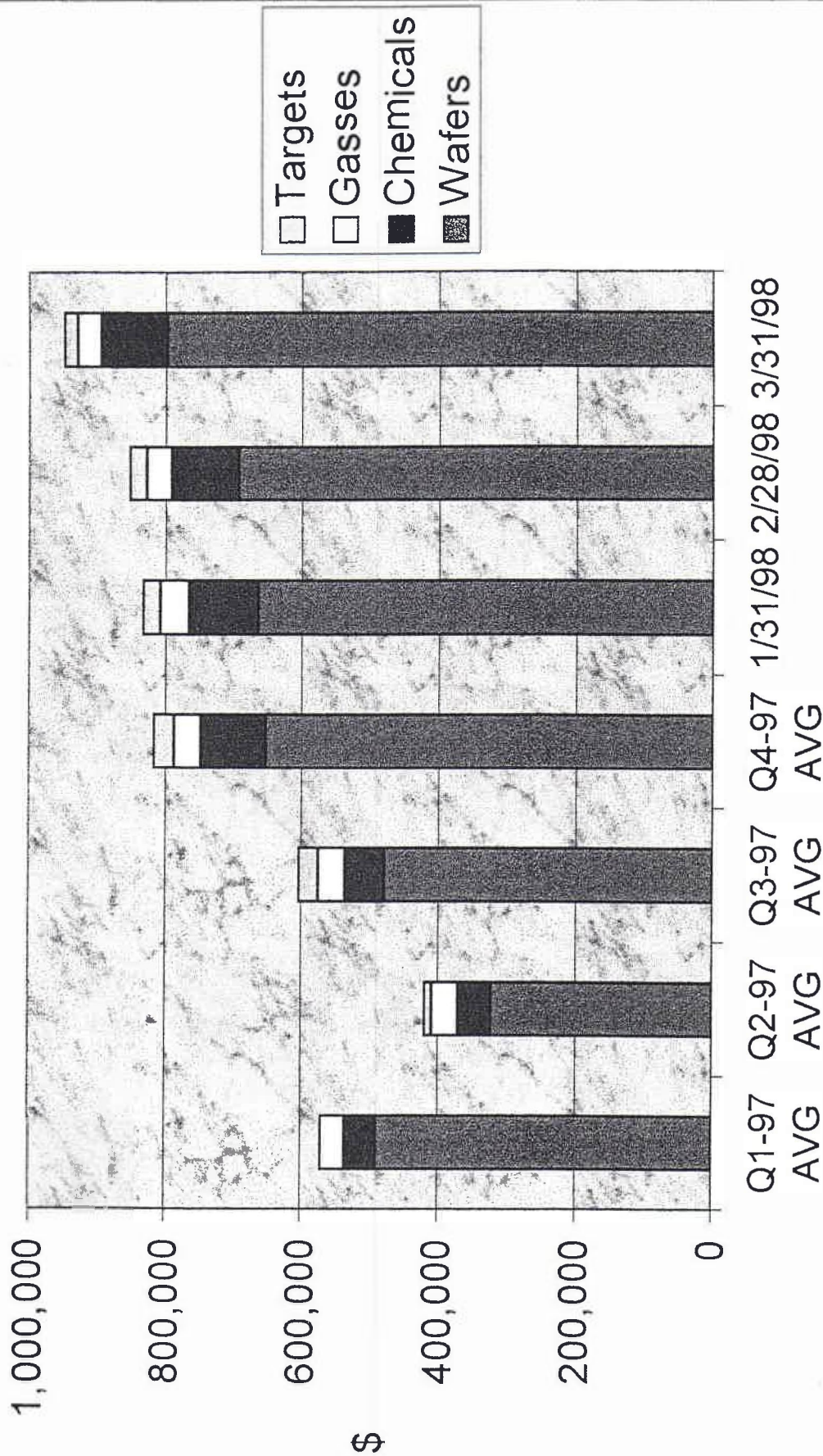
c: DAP, TWA, ARS, JHO

CURRENT BACKEND SOLUTIONS BY PART

Part	Package	WFR Probe	Assembly	Final Test	Handler	Tape&Reel
38HC4X PWM	DIP-8	I	C	I	I	-
	DIP-14	I	C	I	I	-
	SOIC-8	I	C	I	ATRIUM-BENCH	S
	SOIC-14	I	C	I	ATRIUM-BENCH	S
	MSOP-8	I	C	I	ATRIUM-BENCH	S
1555/57 TIMER	SOT-23-5	I (NO TRIM)	C	I	NS	S
1121/22 SCSI 1	DIP-16	I	C	I	I	-
	SOIC-16	I	C	I	ATRIUM-BENCH	S
1503 LDO	SOT-143	G (NO TRIM)	C	G	NS (C HAS HANDLER)	S
1505 LDO	SOT-23-5	G	C	G	NS	S

I=IBM
 G=GMT
 C=CARSEM
 S=SMT
 NS=NO SOLUTION

Raw Materials Trend



WIP Value Trend

