



DMSMS 2006

A Semiconductor Market Perspective

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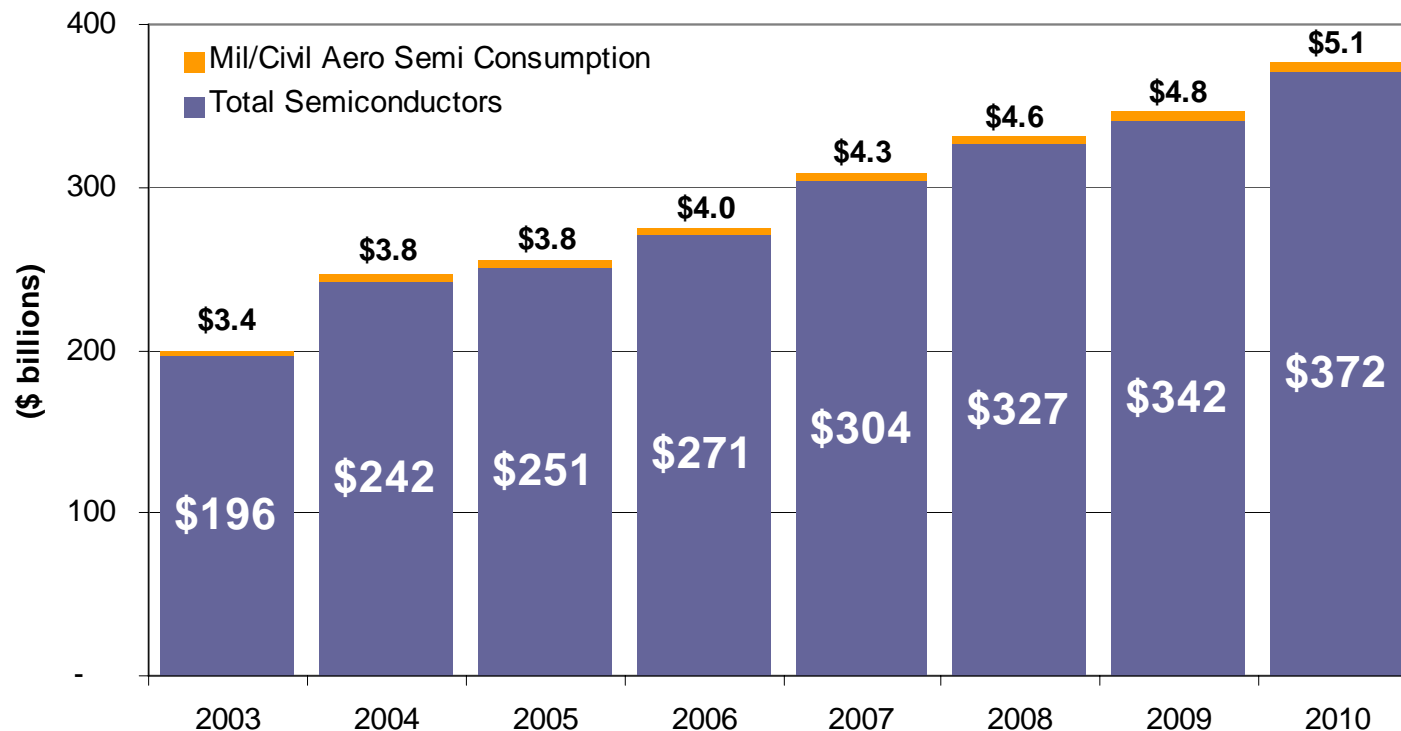
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Enabling success from the center of technology™

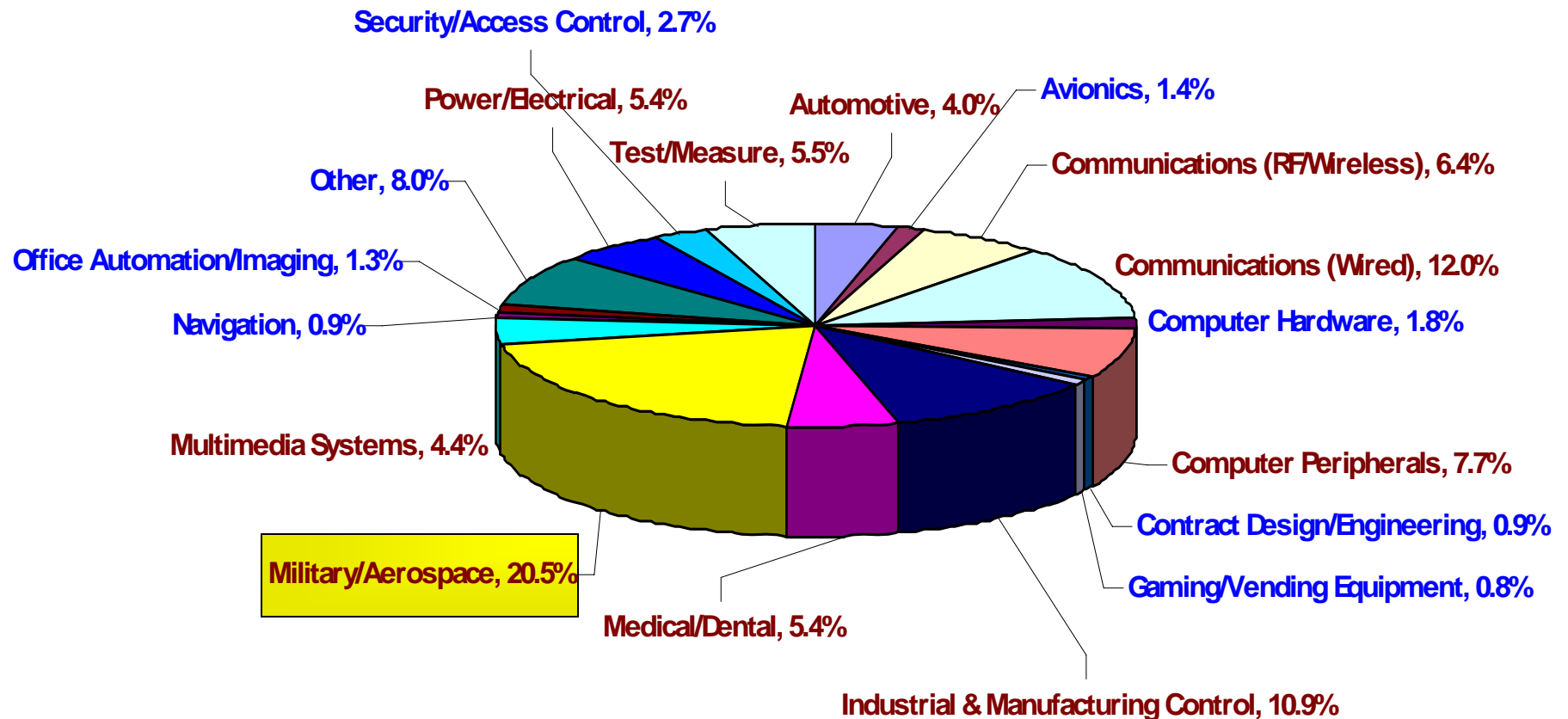
The Situation at Hand

> Not a market driver, a market participant



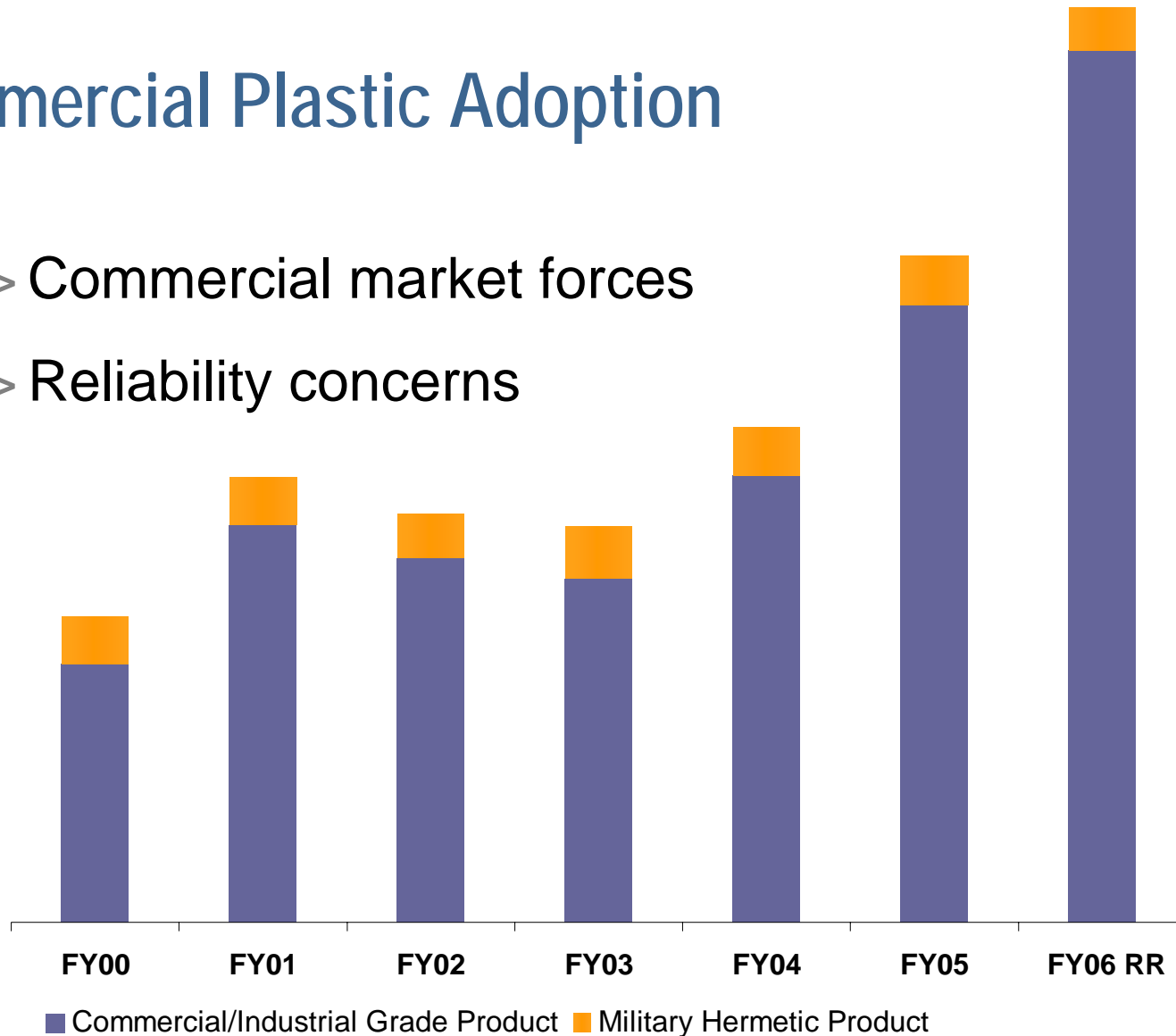
Source: iSuppli AMFT (6/30/06)

An Important Participant



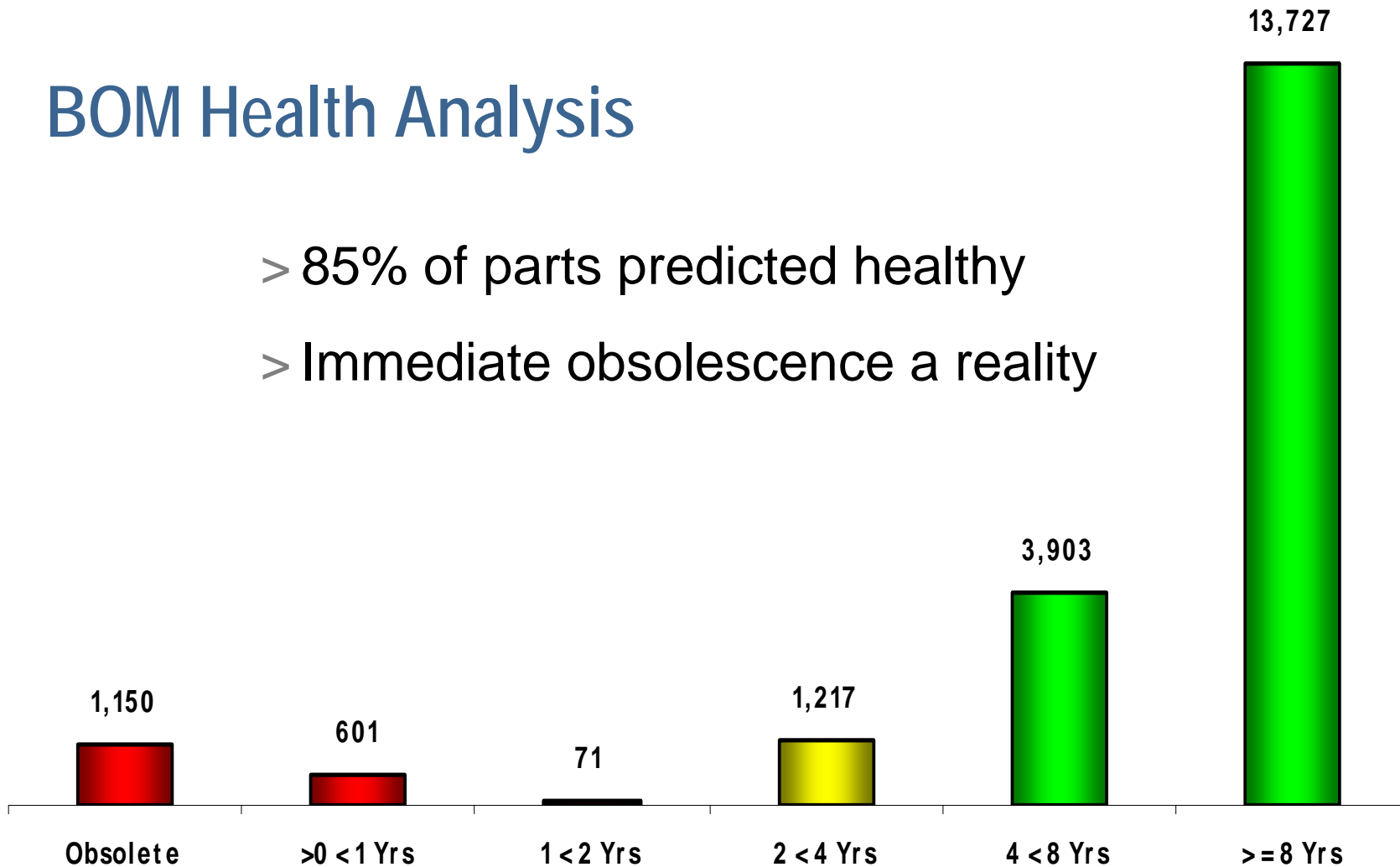
Commercial Plastic Adoption

- > Commercial market forces
- > Reliability concerns

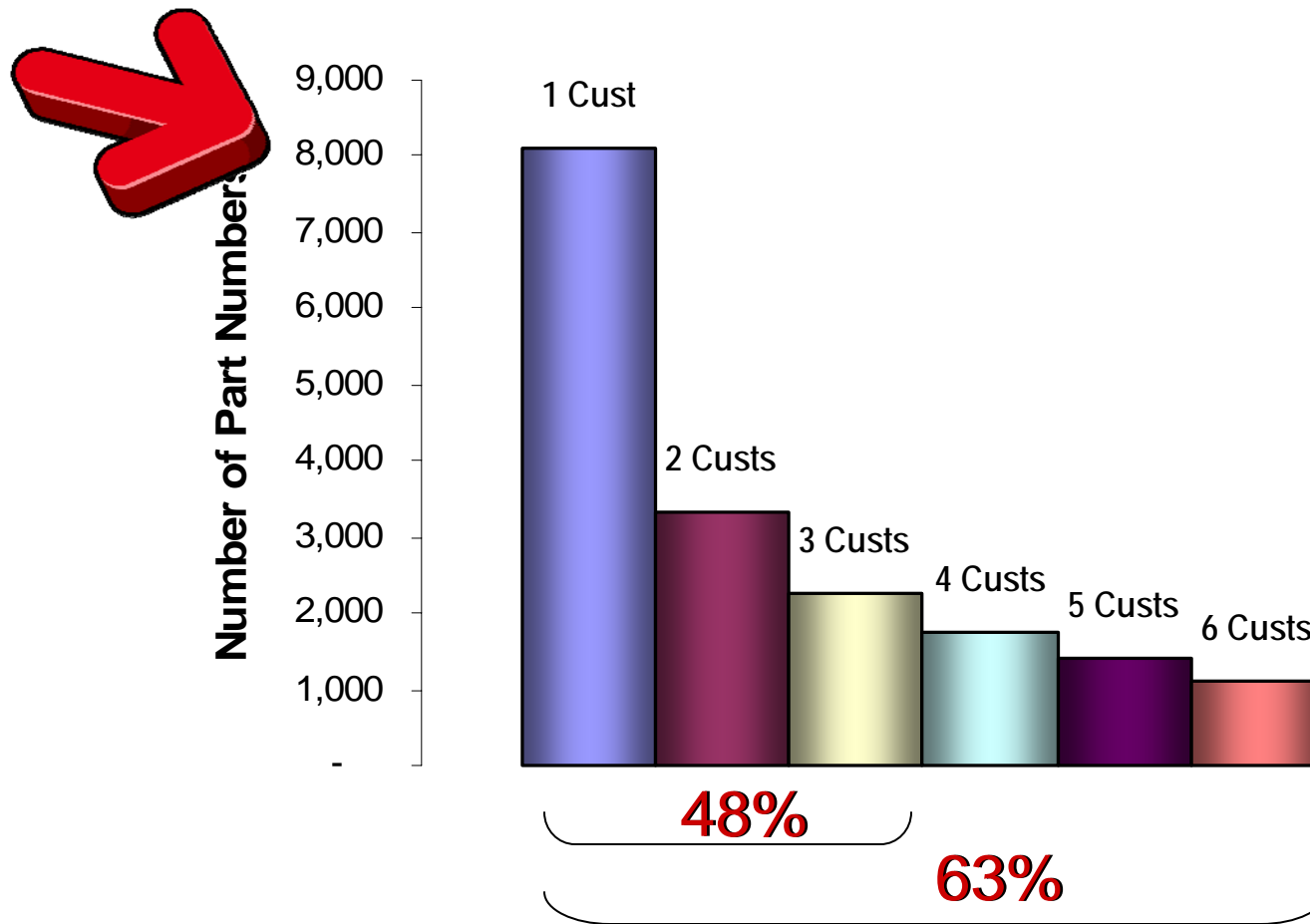


BOM Health Analysis

- > 85% of parts predicted healthy
- > Immediate obsolescence a reality



Narrow Customer Base Increases Obsolescence Risk



RoHS Trends: Good News, Bad News

- > Americas' transition slower than expected
- > Lingering demand for leaded product
 - Non-Cancelable Non-Returnable
 - Higher prices
- > Aftermarket manufacturers to offer leaded
- > Data integrity challenges continue
 - 30% of RoHS parts not changing part number
 - Traditional EOL/PCN triggers may not be sent

Trends in the Aftermarket

- > Broker market significant source of supply
- > Sophisticated design and manufacturing capability
- > Distributors' market data and capital making aftermarket more efficient
- > Increase in product line exits over next 2-4 years

In Conclusion

Risk can be reduced through collaboration

- AQEC suppliers can improve your reliability decisions
- Better long term forecasting will improve supply at reduced costs
- Distributors can aggregate and invest more aggressively with good forecasts
- Parts management challenges are a business reality, services are available to assist

A fundamental rule in technology
says that whatever can be done
will be done.

Andrew S. Grove
Former Chairman of the Board of Intel Corporation