



Q4 2011 Market Trend Update
















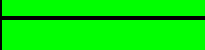

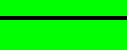











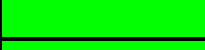
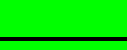























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Market Trends Summary



Legend:

	Supply	Price	Stability
	Allocation	Increase	Exit Market
	L/T Increase	Flat	Churn / Consolidation
	No Constraints	Decrease	Stable

Commodity	Supply	Price	Stability
Custom CCAs-Discrete			
Custom CCAs-Interconnects			
Custom CCAs-Raw Fabs			
Wire/Cable-Cots			
Wire/Cable-Custom			
Drives-HD		See Slide	
Drives-CD/DVD			
COTS Mother Boards			
Memory-DRAM			
Memory-Flash		See Slide	
Embedded CPUs			
Packaging-End Caps			
Packaging-Boxes (and other)		See Slide	
Displays			
Chassis / Cases w/PS			
Sheet Metal Fabs			
Plastic Molding			
Machining			

Green - No foreseen issues to occur with supply, prices are expected to decrease and market looks to be stable during the next quarter.

Orange - Product lead times could increase, pricing is flat and that there is some potential mfg churn / consolidation taking place during the next quarter.

Red - Product is expected to be on allocation, pricing to increase and product manufacturers are expected to exit the market during the quarter.



- **Supply**
 - Circuit Breakers, Fans, Blowers, Heat Sinks, and Motors- lead-times are all stabilizing at 8-16 weeks.
 - Relays are experiencing extended lead times of upwards of 30 weeks. Lead time increases is related to capacity for relays and material shortages.
- **Price**
 - Pricing has stabilized on standard items.
- **Stability**
 - Stable market conditions.

- **Supply**
 - Connectors, Mod Jacks and Terminal boxes could experience lead times up to 18 weeks. Lead time increase is related to longer leads on resins, transformers and windings.
- **Price**
 - Could experience possible increases up to 30% in raw materials. Cost increases are due to material shortages and oil and transportation costs.
- **Stability**
 - Stable market conditions.

Custom CCA's-Raw Fabs



- **Supply**
 - The supply Lead-times for all raw materials and chemicals are expected to remain stable going into Q4. In addition DTx supplier has increased current inventory levels due to the recent events that have occurred in Japan. Standard domestic quick turn lead-times are 3-5 days, domestic standard lead-times 15-20 days and off-shore lead-times 25-30 days.
- **Price**
 - Cost increases expected in Q4, specifically the raw laminate, chemicals and final metal finishes including gold. Many of the raw materials are manufactured outside the US and there are continued transportation costs. Anticipated 6-8% increases.
- **Stability**
 - Stable market conditions.

- **Supply**
 - Lead times remain at 2-3 weeks on production orders depending on complexity. Production orders built in China take 9-11 weeks ocean, or 6-8 weeks air. No current effects to report on product supplied to DTx in regards to Japan crisis
- **Price**
 - Copper has been increasing which could potentially cause a 10-15% increase in raw materials. At this time it is unknown if this will drive up an increase on finished products. Suppliers are trying to hold current pricing on existing business.
- **Stability**
 - Stable market conditions.

- **Supply**
 - Lead times remain at 2-3 weeks on production order depending on complexity. Production orders built in China take 8-10 weeks ocean, or 3-4 weeks air. No current effects to report on product supplied to DTx in regards to Japan crisis.
- **Price**
 - Copper has been increasing rapidly over the last 4 months which could potentially cause a 10-15% increase in raw materials. At this time it is unknown if this will drive up an increase on finished products. Suppliers are trying to hold current pricing on existing business.
- **Stability**
 - Stable market conditions.

- **Supply**
 - Supply is tight on the Hitachi 2.5" line. The new Jaguar B series (500gb) per platter drives are out now.
 - Seagate still offering 320gb per platter along with Toshiba.
 - High capacity drives (SAS) are the main focus of the drive manufacturers. 4TB should begin shipping in Q1-2012
 - Standard Lead time on drives are running 2-4 weeks if distribution stock not available.
- **Price**
 - Stable on all drives with the exception of 2.5" mobile drives.
- **Price**
 - 2.5" mobile drives from Hitachi and WD are expected to increase 3-5%.

- **Stability**

- Hitachi/WD merger is scheduled to close in Q4-2011, this will leave only 3 Hard Drive manufacturers—WD/Hitachi, Seagate and Toshiba.
- Seagate acquisition of Samsung HDD's is estimated to close in Q4.

- **Supply**
 - Lead times are still out at 4-6 weeks due to transportation time to the US. EOL products still available on a case by case basis.
 - EOL is still pending on the 524GB—Teac still has some parts available for DTX.
- **Price**
 - Stable
- **Stability**
 - Stable market conditions. There are still only a small number of manufacturers that are offering DVDRW's. Teac is expecting to continue to offer these products in the future.
 - Some suppliers are focusing on PC OEM only.

- **Supply**
 - Motherboard lead times are running 8-10 weeks. Supermicro could possibly extend up to 12 weeks due to component lead times.
 - BCM is currently in preproduction on RX67Q and mass production is targeted for mid-October 2011.
 - New Server Boards from Intel will be sampling in Q1-2012
- **Price**
 - Stable
- **Stability**
 - Stable market conditions

Memory-DRAM (DDR1-3)



- **Supply**

- Strong supply with the majority of DDR2 and DDR3 memory. No current allocation issues with these products. Suppliers can fill most orders in 5-10 days or less.
- Locked BOM build memory module lead times are 3-5 weeks.

- **Price**

- Could see decreases in DDR2 and DDR3 parts—Demand has dropped off so we are expecting a decrease in pricing. Estimated drop could be around 5%. This will depend on supplier changes – especially Samsung going down to 20nm by the end of October – that may flood the market with 30nm. This is speculative information at this time.

- **Stability**

- Market is stable although demand has dropped due to a slow down in the economy.

- Supply
 - MLC Leadtimes can run 2-6 weeks depending on MFG-Micron 4-6 and second tier Kingston, Crucial and Apacer can deliver sooner. Intel products are on allocation and customers must work with their supply base to submit allocation requests.
 - Micron is introducing their new P400e in 50, 100, 200 and 400gb. Plans are also on the Roadmap for a mSata drive this quarter, 64, 128 and 256gb. Smart will introduce their MLC XceedStor 500s. Sampling in October.
 - Seagate and Hitachi are both shipping SAS drives, samples available now. Enterprise SSD's are also being offered by Hitachi and Seagate. These drives will be more expensive and higher performance.
 - Intel coming out with a new 1.8" Postville Refresh SSD. Samples available now.

Memory-Flash Con't



- **Price**
 - Pricing on MLC drives has become very competitive. SSD suppliers are trying to compete with Intel and some have reduced pricing. Kingston and Crucial have dropped pricing on some of their products by 10%.
- **Price**
 - eMLC and SLC pricing stable.
- **Stability**
 - Market is stable, Intel's allocation is opening up the market to other vendors.

- **Supply**
 - Intel standard lead times are 3-7 weeks. DTx submits weekly forecasts on CPU products to keep continued supply in the pipe.
 - Embedded products carry a 7 year lifecycle. Recommendation is to focus on designing in embedded parts as opposed to boxed sku's when possible. Intel makes no assurance on supply of boxed sku's. Typically boxed sku's are around for only 12-18 months.
- **Price**
 - Price is stable on Embedded CPU's. Oct/Nov is the month for price adjustments on CPU's. At this time it is unknown what products Intel will adjust pricing on and what the impact will be.
- **Stability**
 - Market is stable and showing signs of growth and higher demand.

- **Supply**
 - Lead times remain at 2-3 weeks. Delivery remains stable as long as the demand is forecasted and orders are placed within current lead time.
- **Price**
 - Polyethylene prices are stable. No expected increase.
- **Stability**
 - Suppliers of finished foam material are stable with no expected consolidation. There are 2 major suppliers of PE foam in the US.

Packaging-Boxes (and other)



- **Supply**
 - Lead times remain at 2-3 weeks. Delivery remains stable as long as the demand is forecasted and orders are placed within current lead time.
- **Price**
 - Prices are stable on boxes. No expected increase.
- **Price**
 - Pricing for tape, poly bags and stretch wrap is increasing 4-10% due to the cost of raw materials.
- **Stability**
 - Market conditions are stable. There are many different types of producers based on volume, type and style of the product.

- Supply

- **AUO Panel information:** The 15", 17", and 19" (AUO) non wide panels (5:4 & 4:3 aspect ratio) will experience additional 2-4 week lead times. The films used in the panel manufacturing process have been delayed. All delays are related to the Japan crisis. These delays will push the AUO panel lead-times to 8 weeks. Current DTx orders that are on blanket or VMI agreements should experience no delays since DTx suppliers have planned and ordered product to continue to deliver per our released schedules or forecasted demand. Any large "pull ins" requests would need to be quoted with suppliers for updated lead time information.
- **Integrated components:** Longer lead times are being experienced on power supplies and caps used in the power supplies. The caps are custom and being used because of reliability. Touch screens have also been affected due to the films used in manufacturing process. These delays are pushing out to 8-10 weeks. Current DTx orders that are on blanket or VMI agreements should experience no delays since DTx suppliers have planned and ordered product to continue to deliver per our released schedules or forecasted demand. Any large "pull ins" requests would need to be quoted with suppliers for updated lead time information.

- Price
 - For current displays that are on DTx VMI agreement and blanket orders-will remain stable.
- Stability
 - Market conditions are stable.

- **Supply**
 - Lead times could extend up to 16 weeks due to materials needed for chassis fan holders, partition plates and filters. In addition steel material lead times increased due to the Japan crisis. No expected issues with supply as long as demand is forecasted and placed within sufficient lead times.
- **Price**
 - Stable
- **Stability**
 - No expected churn/consolidation or MFG's exiting the market during Q4.

- **Supply**
 - Lead times for Sheet Metal Fabrication, with no secondary operations are 3 weeks. Complex designs, chassis, display cases which also have several secondary operations have 8 week lead times.
- **Price**
 - Stable
- **Stability**
 - Stable market conditions.

- Supply
 - Lead time on existing plastic parts sourced in Asia is 10 weeks including the Ocean freight time.
 - Lead time on new parts that require new tooling requires a min. of 16 weeks, longer LT's may be required depending on the complexity of the item.
- Price
 - Stable
- Stability
 - Stable market conditions.

- Supply
 - Lead times are currently 4-6 weeks depending on the complexity of the part.
- Price
 - Stable
- Stability
 - Stable market conditions.