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## Spancion, Inc. Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Our first question comes from Daniel Berenbaum - Cowen & Company.

#### Daniel Berenbaum - Cowen & Company

You mentioned about your total liquidity. Do you think that cash balance has bottomed in this quarter? Do you expect to have to tap the revolver? As far as any leasing agreements for equipment that you might have or other financial arrangements in the fab, how has the ongoing credit crisis affected that and could there be any issues with actually operating the fab because of tightening credit requirements?

#### Dario Sacomani

The credit crisis obviously affects everybody, but the truth is even before the credit crisis at single B there wasn't a lot of credit available to us anyway. Since there really is no credible financing sources for alternatives given our stock price and yield rates on our bonds, we're really focused more on the fundamentals to start with, which as Bertrand enumerated significant amount of cost-reduction activities, capital spending reductions to maintenance levels, inventory control, improved DSOs and vendor terms. If you assume looking forward that in Q4 we get our days of inventory at around 103, DSOs of 53, and DPOs of 111, that should drive us to free cash flow in Q4.

Obviously we spend a lot of time focused on the auction rate security liquidity options and there are to your question alternative leasing opportunities to us.

I think one of the benefits of Spancion is we do have a global footprint so we aren't tied to only being able to obtain credit in the US, and we're leveraging that global footprint all the time.

I think on top of that the ASE, the alliances for manufacturing in R&D we're focused on and we're also focused on continuing to pursue other non-strategic asset sales. That's kind of how we're addressing liquidity.

#### Bertrand F. Cambou

I'd like to rebound on Dario here. I have to say that I am very, very pleased by the overall trajectory that we have as a company right now. With cost-cut reductions, capital cost reduction everywhere and we are already seeing some tangible and if I look at our results you see things that has been worrying like the inventory of tough control six months ago, that is fixed. The spending that we had that was high, done. We're not spending any more. R&D costs are going down. SG&A is going down.

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