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## Cypress Semiconductor Corp. Q3 2008 Earnings Conference Call Transcript

### Question-and-Answer Session

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Thank you sir. [Operator Instructions]. Glen Yeung, you may ask your question and please state your company name.

#### **Glen Yeung - Citigroup**

From Citi, thanks. T.J., you've answered this a few times on these calls, you've obviously been through this a lot of times. I wonder if you look into your distributor network now. Obviously, you are seeing weakness but anything different this time? Are they somehow reacting differently to this cycle given what they have been doing up until now and does that have any implications for Cypress as we think over the next two or three or four quarters?

#### **T.J. Rodgers - President and Chief Executive Officer**

I don't see that, I know that the financial world is more shaken, more worried about this because this particular problem has been U.S. financial centered. But from California, from the semiconductor world, I don't see this one as being as bad as other ones.

I thought 2003 was more painful, I thought 2001 was much more precipitous from a semiconductor point of view. So no, as a matter of fact, this is more controlled. You know where we're making decent money. We will make money next quarter. We're not seeing precipitous decline.

The thing that our supply chain has learnt is not to do boom bust [ph], not to suck up a lot of products into the channel and then go for 2 or 3 quarters burning off the inventories. So right now, we're seeing a slight decline in demand, only slightly worse, like 5 percentage points worse than normal seasonal decline for the post holiday Gulf season.

We're not seeing pricing being impacted as much. You can only imagine in the old days, the old Cypress with a bunch of RAMs out there and Asian competitors starting price around RAMs. None of that stuff is happening, to the same extent it has happened in the past. I'm seeing a more stable and mature industry. As a side fact, with regard to the U.S., this one is worse, it doesn't look worse from our side of the fence.

#### **Brad W. Buss - Executive Vice President, Finance and Administration and Chief Financial Officer**

Hey Glen, it's Brad. Just to add again, 60% of it is distribution, so we have a lot more exposure. And again remember, everybody is on sell-through. So we have no selling business at all. So I think that's important for people to understand there. And again with the lead times low, them like everybody

else. I think they're managing their inventories lower than they probably would have. And I think they're a lot smarter in managing their working capital too.

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