

File

September 9, 1959

International Business Machines Corporation
Military Products Division
Kingston, New York

Attention: Mr. W. E. Gibson

Re: Projected Pricing on
2N696, 2N697, 2N1253

Gentlemen:

In accordance with your request, we will attempt to predict future pricing on the referenced transistor types. As you can appreciate, the further into the future that we project, the less certain the figures become.

The ground rules on which this forecasting is based are as follows:

1. Quantity -- 450,000 minimum; 1,800,000 maximum.
2. Transistors -- Standard 2N696, 2N697 and 2N1253.
3. Delivery -- Equal monthly shipments over a four-year period.
4. Approximate Type Breakdown -- 2N696 - 75%; 2N697 - 10%; 2N1253 - 15%.

The conditions above make it possible to guarantee a maximum price for the first quarter of 1960. Previous commitments establish a maximum price of \$11.50 net each for the 2N696 and 2N697. For the same period, the 2N1253 will be \$13.80 net each maximum.

Following is a quarterly estimate of minimum and maximum prices over the next four years by transistor type. Although we are indicating the 2N696 and 2N697 as the same price, there may be a small differential, but not more than 10%.

| 2N696 and 2N697 | 1960 | | | | 1961 | | | | 1962 | | | |
|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 1st Qtr. | 2nd Qtr. | 3rd Qtr. | 4th Qtr. | 1st Qtr. | 2nd Qtr. | 3rd Qtr. | 4th Qtr. | 1st Qtr. | 2nd Qtr. | 3rd Qtr. | 4th Qtr. |
| Minimum | 10.00 | 8.50 | 7.00 | 5.50 | 5.00 | 5.00 | 4.50 | 4.00 | 3.75 | 3.50 | 3.25 | 3.00 |
| Maximum | 11.50 | 10.50 | 9.50 | 8.50 | 8.00 | 7.50 | 7.00 | 6.00 | 5.50 | 5.50 | 5.00 | 5.00 |

Regarding the 2N1253, we would estimate that the maximum differential in price between the 2N697 and the 2N1253 at 25%. For estimating that unit, the 25% addition should be used.

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There are certain requirements presently included in your specifications that we do not test for. We are investigating the cost of performing the special tests, and once this is established, we can include this in the projected pricing. They can only increase the prices quoted, since they are additional tests, and they reduce yield.

If you have any questions or desire any further information on this proposal, please contact us.

Very truly yours,

FAIRCHILD SEMICONDUCTOR CORPORATION

T. H. Bay
Marketing Manager

THB:dc

bcc: R. N. Noyce
D. A. Beadling
H. S. Bobb
Customer File

FAIRCHILD SEMICONDUCTOR JENKINTOWN PA 1056 9-14-59

T H BAY

WILL MAKE AN IMPORTANT PHONE CALL TO YOU APPROXIMATELY 4 P.M. YOUR
TIME FROM MY HOME. IF NECESSARY, REQUEST CONFERENCE CALL WITH BOB
NOYCE . URGENT I GET IMMEDIATE PRICE ESTIMATES 2N706 AS FOLLOWS..

1959 2 TO 5,000

1960 3RD & 4TH QUARTER - 200 TO 700,000

1961 - 63 2 MILLION, 4 MILLION, 6 MILLION EACH YEAR

THIS IS COMMERCIAL BUSINESS. THEY ARE READY TO ROLL DEPENDING ON HOW
WE ANSWER THIS INITIAL INQUIRY AND WILL SEND A CONTINGENT TO THE COAST
THIS WEEK IF OUR ANSWER IS FAVORABLE.

HOWARD S BOBB