

KANG DECLARATION
EXHIBIT 9

EXHIBIT A

FILED UNDER SEAL

Inventory Task Team

2/4/2011



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CONFIDENTIAL BUSINESS INFORMATION,
SUBJECT TO PROTECTIVE ORDER

S-ITC-500005400

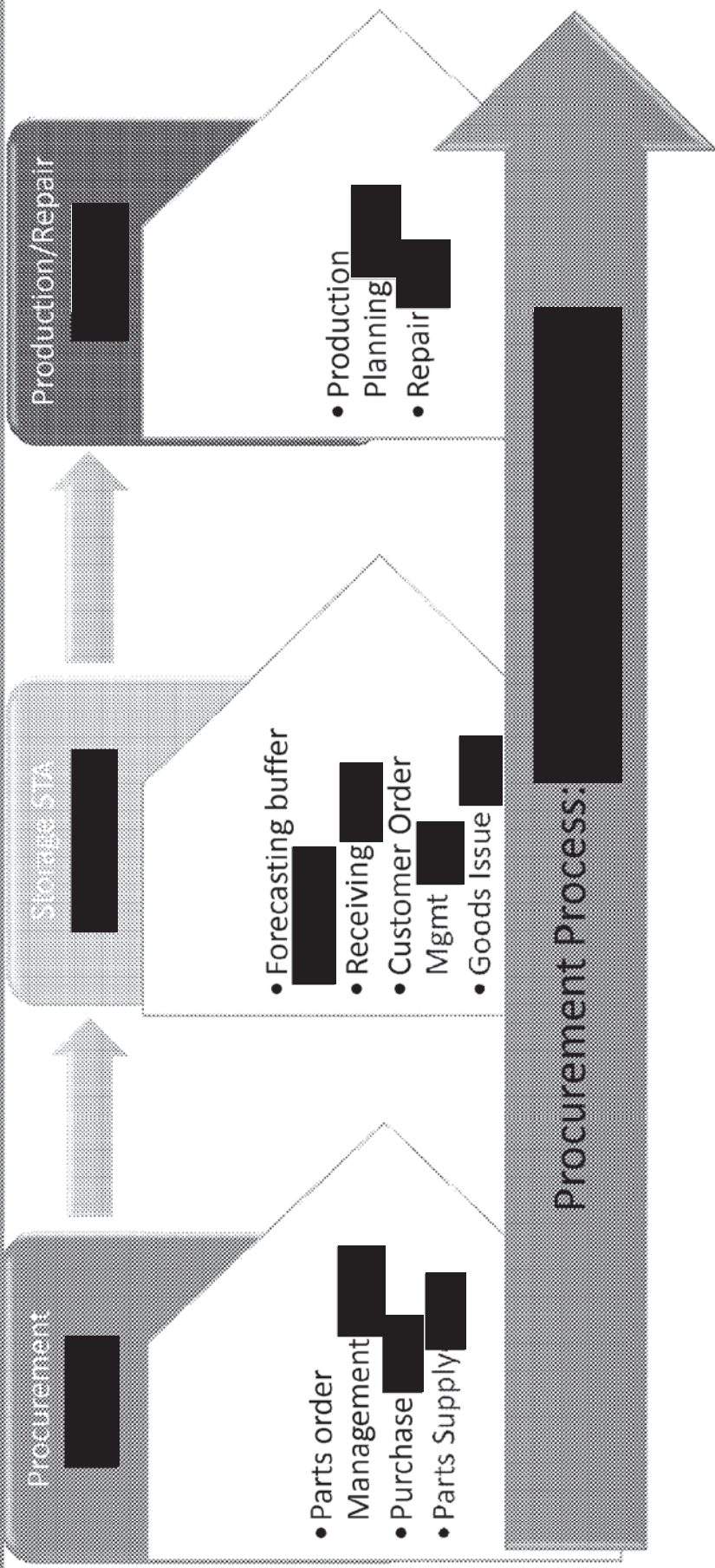
Summary – Inventory Task Force Team

- **Task Force Team Objectives:**
 - Propose simple methodology for procurement of materials
 - Identify mechanism to determine proper levels of inventory
 - Develop a structured policy on inventory aging
- **Key findings:**
 - Forecasting
 - Reliant on [REDACTED] not weighted toward [REDACTED]
 - Analysis of actual return rates vs. forecasted rates is insufficient and not leveraged for improved forecast accuracy
 - Lead Times
 - Lead times for key product types (PBA's, LCD's) are [REDACTED]
 - The average BOM has 23 materials, but at least one item on every BOM has a [REDACTED] lead time
 - Systems
 - Systems in place are likely sufficient, but [REDACTED] at several points diminishes effectiveness of system capability

- **Key Recommendations:**



Current Challenge

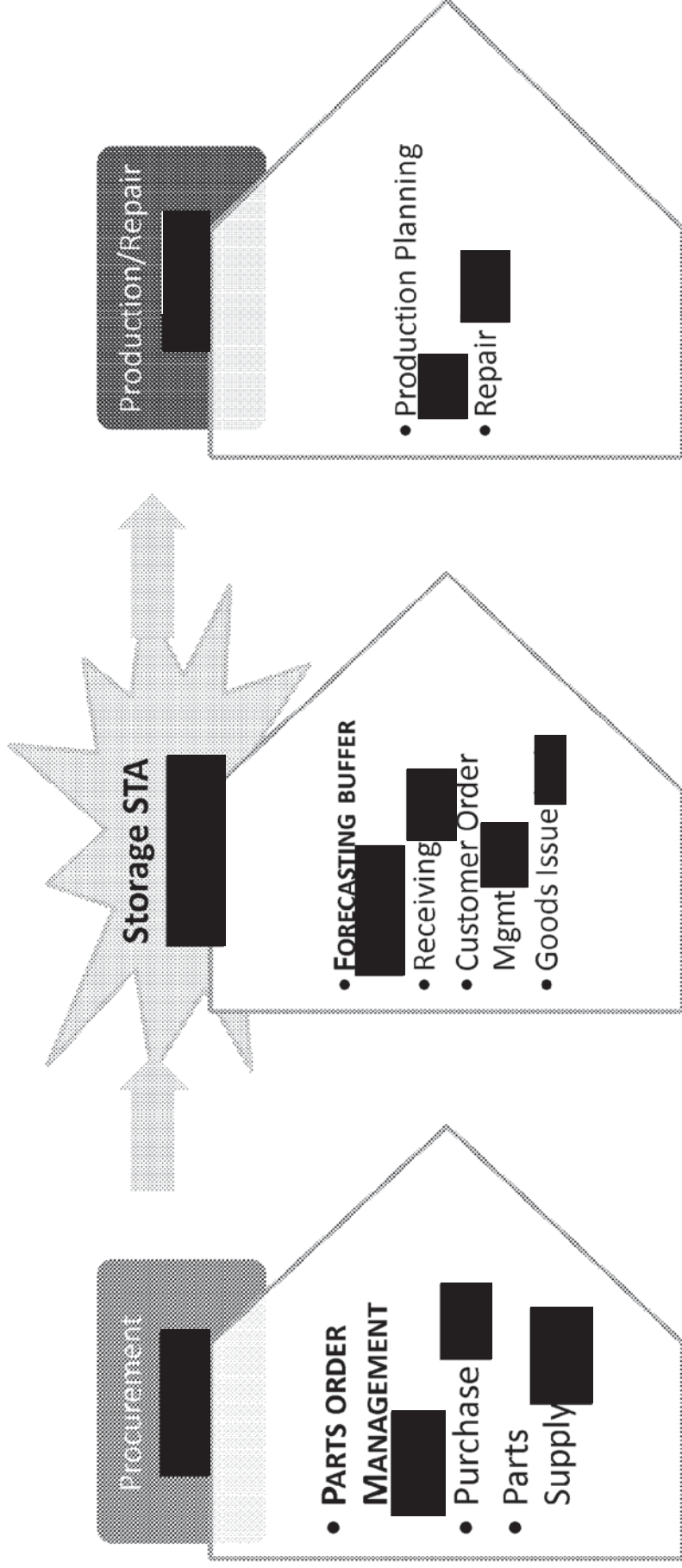


• Two Phase Solution

- Phase I:
- Phase II



FORECASTING



Goal: Accuracy Rate
Improvement: Day forecasting buffer



Forecasting

- Inventory Breakdown in line with current Forecast Accuracy Rates

| Last Demand | Material IDs | % Mat'l IDs Current | Value | % Inv Value Current | Average Age |
|---------------|--------------|---------------------|---------------|---------------------|-------------|
| 0-45 Days | [REDACTED] | [REDACTED] | \$ [REDACTED] | [REDACTED] | [REDACTED] |
| 45-75 Days | [REDACTED] | [REDACTED] | \$ [REDACTED] | [REDACTED] | [REDACTED] |
| 76-105 Days | [REDACTED] | [REDACTED] | \$ [REDACTED] | [REDACTED] | [REDACTED] |
| 106-165 Days | [REDACTED] | [REDACTED] | \$ [REDACTED] | [REDACTED] | [REDACTED] |
| 166+ | [REDACTED] | [REDACTED] | \$ [REDACTED] | [REDACTED] | [REDACTED] |
| Totals | | | \$ [REDACTED] | [REDACTED] | [REDACTED] |



Forecasting

- As Is

- Current methodology heavily weighted on [REDACTED]
- [REDACTED]
- System produces only [REDACTED], no [REDACTED]
 - Variables could include carrier, model type, OS, seasonality, marketing programs, etc
- Minimal ability/effort placed [REDACTED]
- [REDACTED]
- 60 Day accuracy rate [REDACTED]

Forecasting Improvement



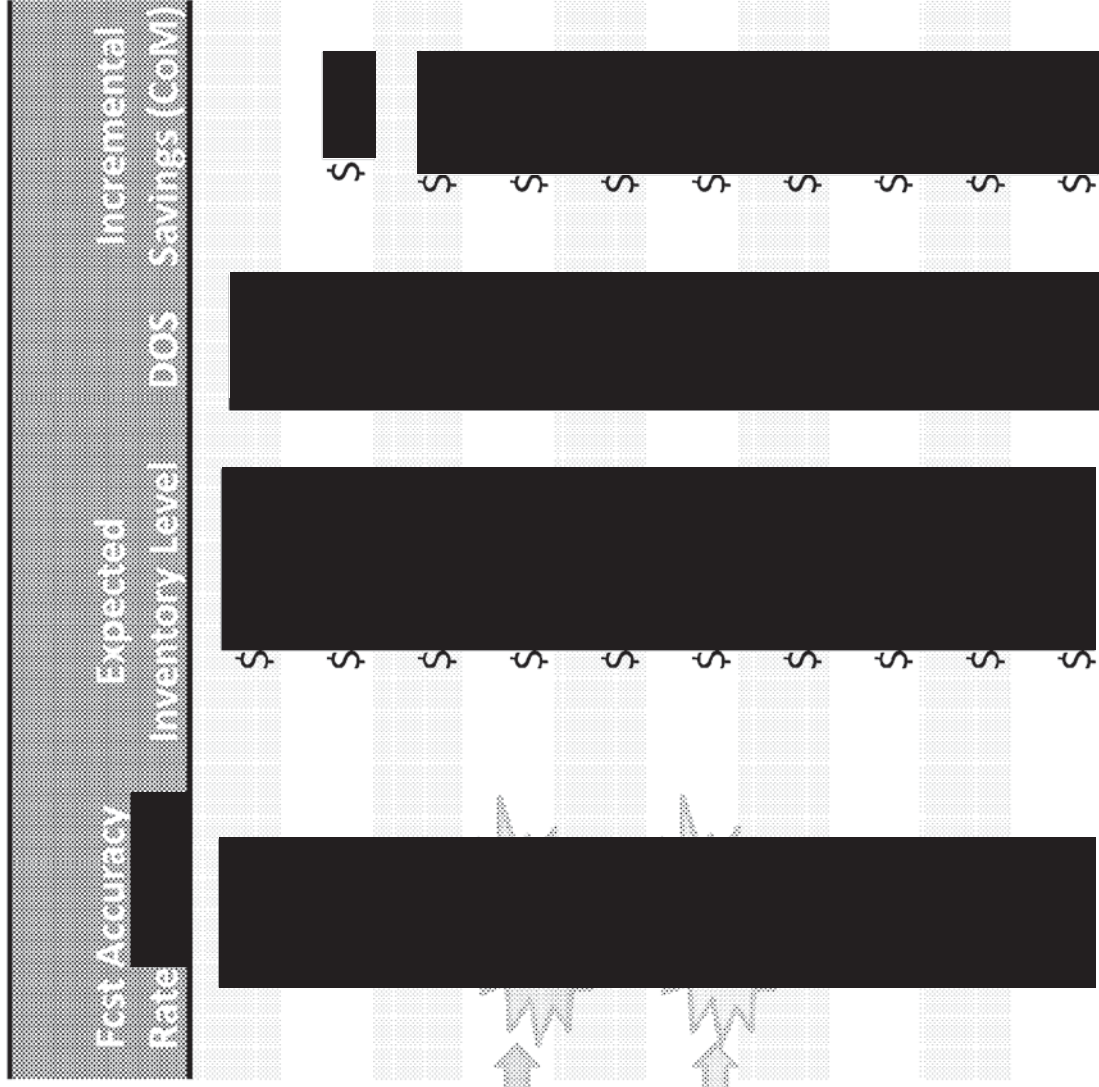
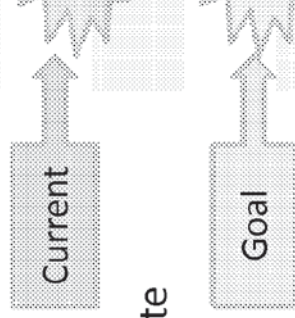
- To Be



Forecast accuracy effect on Inventory Levels

- **Basis:**
 - Monthly throughput of [REDACTED]
 - Cycle time of [REDACTED]
 - Lead time
 - GR/GI process
 - Production Planning
 - Repair

- **Goal:**
 - Drive [REDACTED] accuracy rate to [REDACTED] consistently

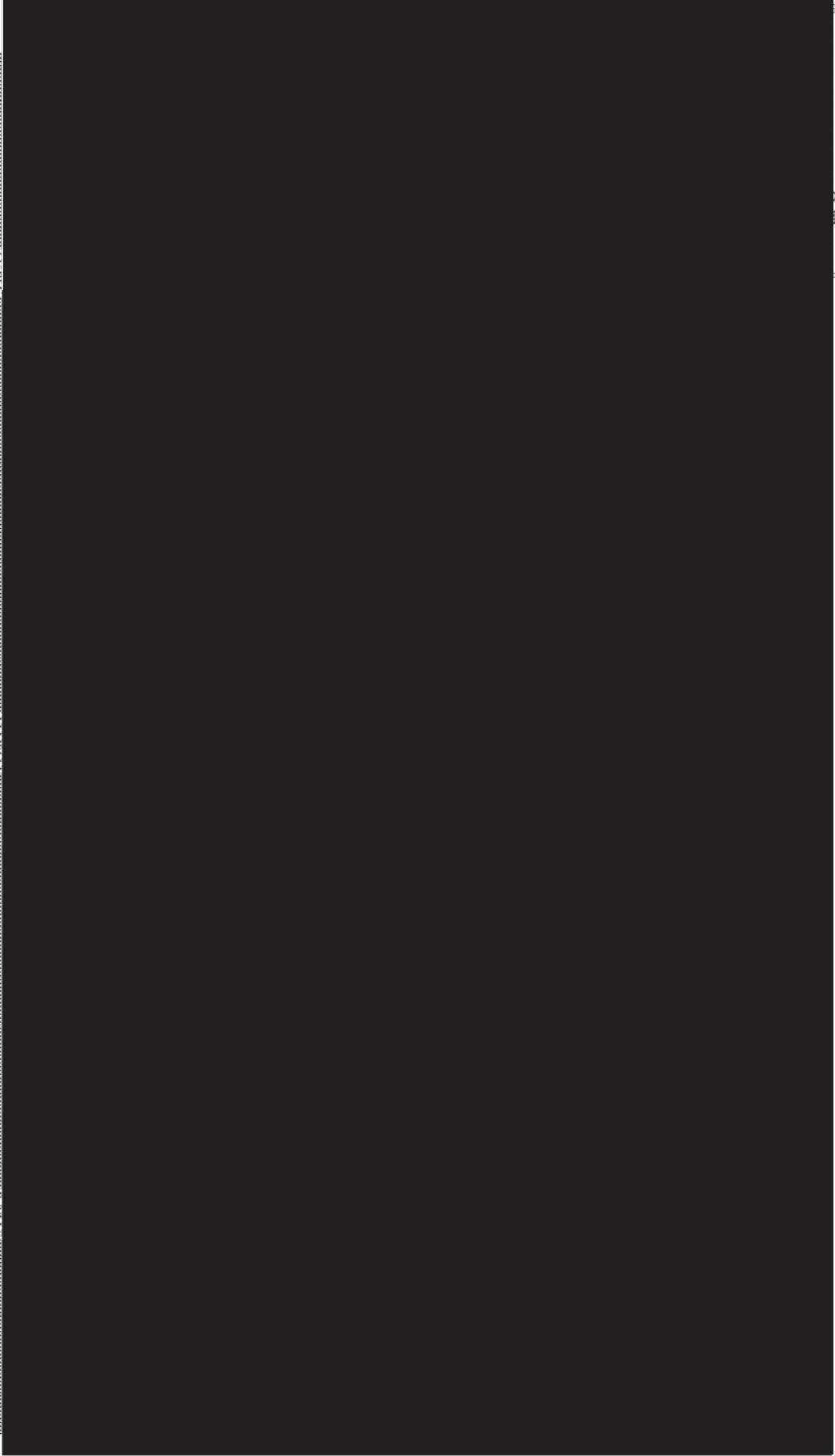


Current Forecast Accuracy Results

AT&T

Metro

Sprint



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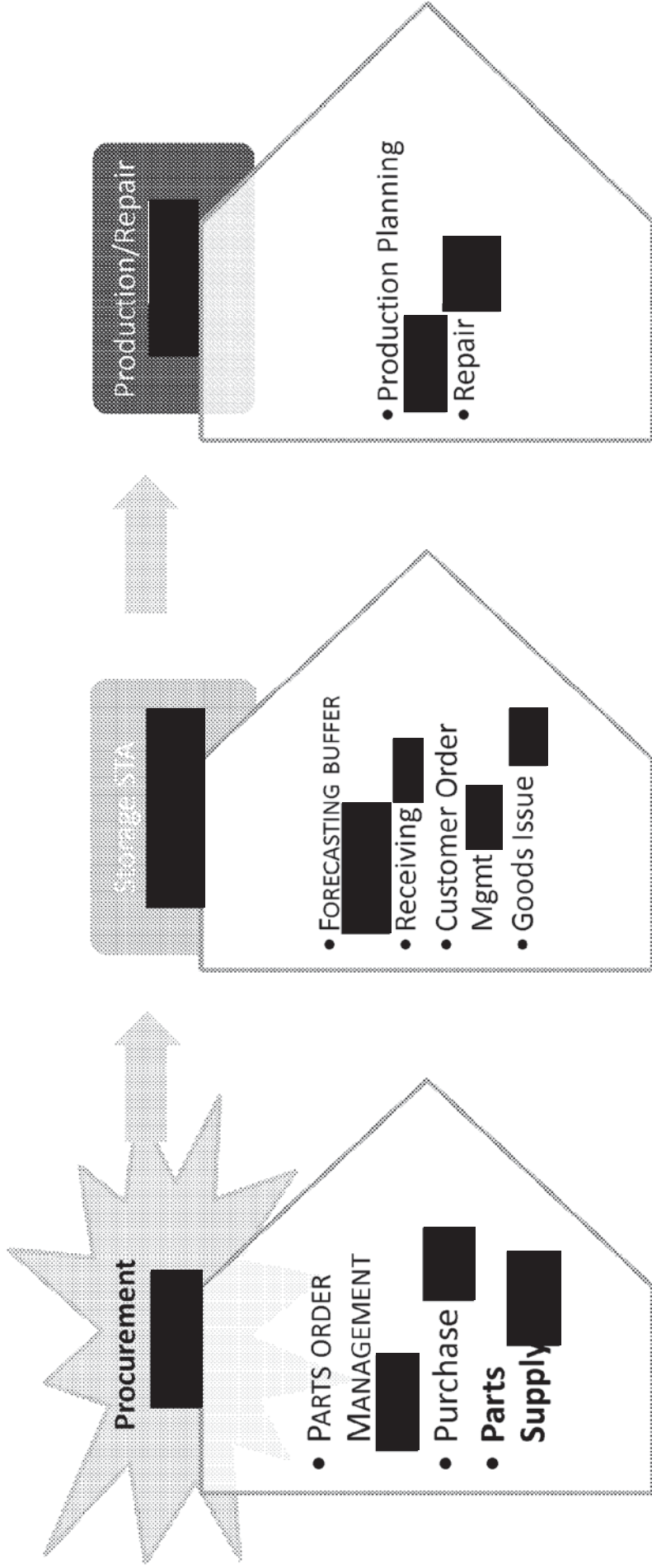
Forecast Forecast Accuracy Results

T-Mobile

Verizon



Lead Times



Goal –

-
-



Lead time performance – Prev 6 months

- Actual lead times stretch to [REDACTED]
- Average BOM – [REDACTED]



Lead times by Material Category

| Category | Average Lead Time | Average Price | Total Material IDs |
|-----------------------|-------------------|---------------|--------------------|
| PBA | [REDACTED] | \$ [REDACTED] | [REDACTED] |
| LCD | [REDACTED] | \$ [REDACTED] | [REDACTED] |
| Camera | [REDACTED] | \$ [REDACTED] | [REDACTED] |
| Packaging | [REDACTED] | \$ [REDACTED] | [REDACTED] |
| Cable | [REDACTED] | \$ [REDACTED] | [REDACTED] |
| Adapter | [REDACTED] | \$ [REDACTED] | [REDACTED] |
| Cover | [REDACTED] | \$ [REDACTED] | [REDACTED] |
| Key/Keypad | [REDACTED] | \$ [REDACTED] | [REDACTED] |
| Battery | [REDACTED] | \$ [REDACTED] | [REDACTED] |
| Audio Components | [REDACTED] | \$ [REDACTED] | [REDACTED] |
| Other | [REDACTED] | \$ [REDACTED] | [REDACTED] |
| Label | [REDACTED] | \$ [REDACTED] | [REDACTED] |
| Electronic Components | [REDACTED] | \$ [REDACTED] | [REDACTED] |



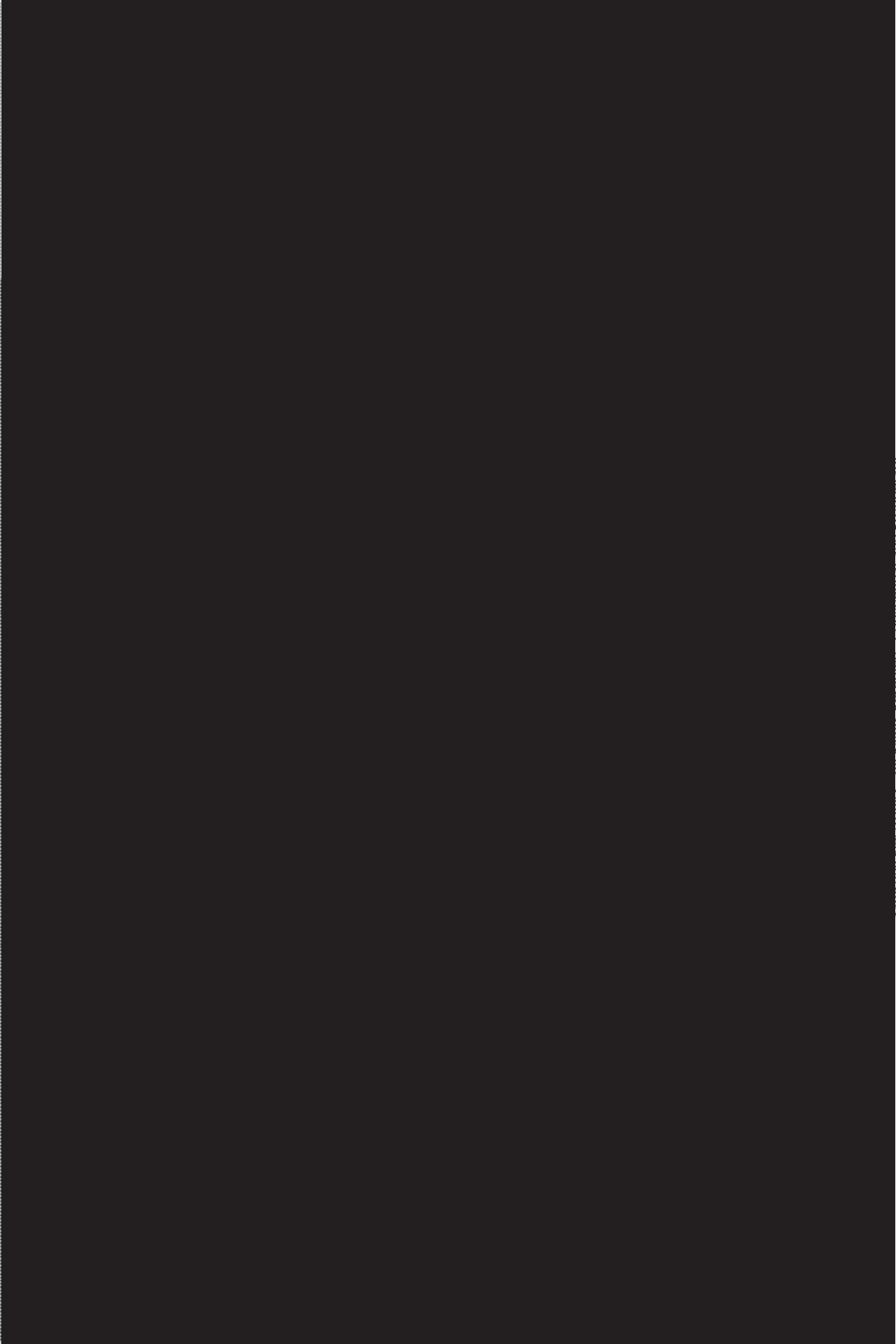
Lead Times – PBA's

| Model | Material ID | Description | Lead Time to Plant | Price | Category | Upgrade Rate |
|------------|-------------|-------------|--------------------|-------|----------|--------------|
| [REDACTED] | | | | | | |

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Lead Times – LCD's

| Model | Material ID | Description | Lead Time to Plant | Price | Category | Usage Rate |
|-------|-------------|-------------|--------------------|-------|----------|------------|
|-------|-------------|-------------|--------------------|-------|----------|------------|



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Lead Times

- As Is

- [Redacted]
- [Redacted]
- Ordering is based on an assumed [Redacted] lead time
 - Actual Avg PBA lead time is [Redacted]
 - Actual Avg LCD Lead time is [Redacted]
 - Average difference between long/short lead time of BOM material is [Redacted]
- [Redacted]

Lead Time Improvement

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

- To Be

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]



BOM – Sprint Galaxy S (D700)

| Material ID | Description | Lead Time | Price | Material ID | Description | Lead Time | Price |
|-------------|-------------|-----------|-------|-------------|-------------|-----------|-------|
|-------------|-------------|-----------|-------|-------------|-------------|-----------|-------|



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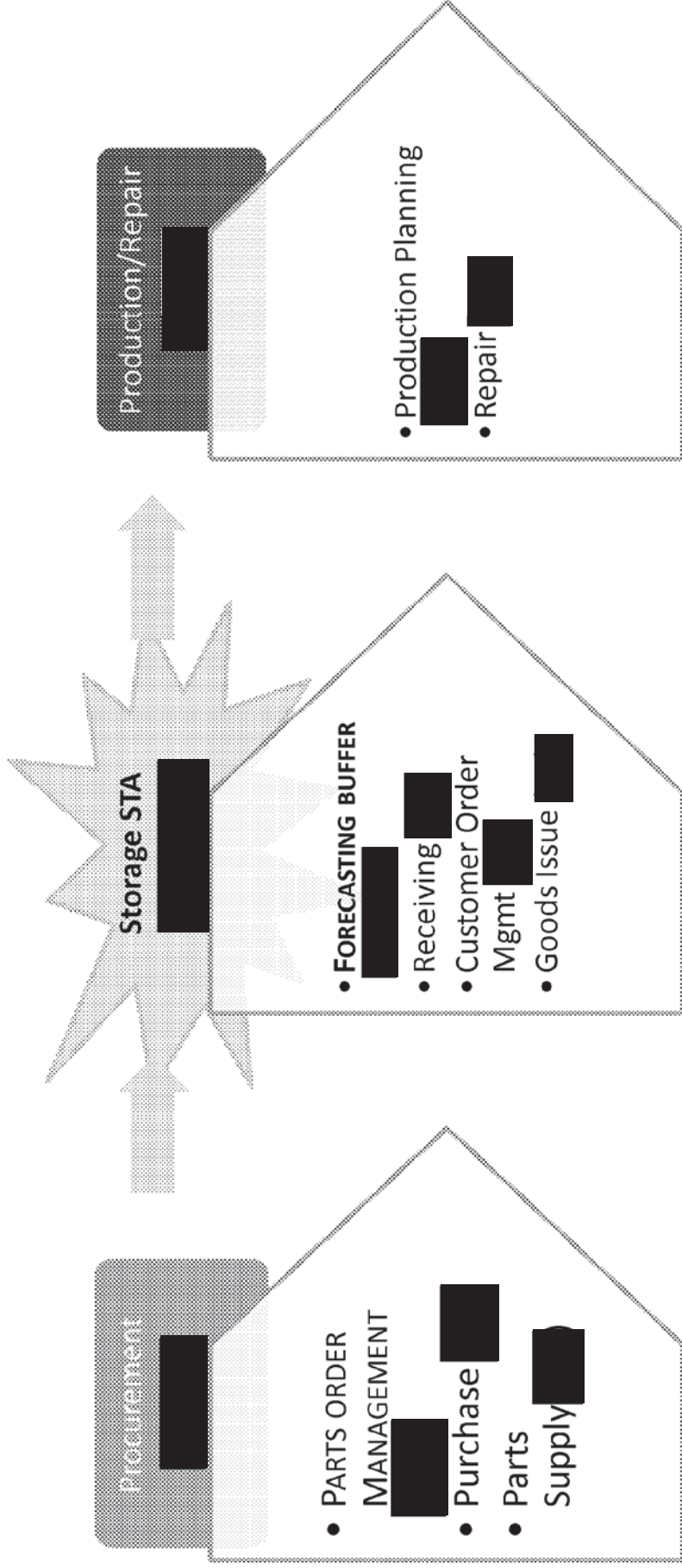
BOM – Verizon Galaxy S (I500)

| Material ID | Description | Lead Time | Price |
|--------------------|-------------|-----------|-------|
| [Redacted Content] | | | |



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Order Cycle/Inv Turns



Goal -



2010 Inventory Turns Analysis

Turn Rate Improvement

- Average Turn rate = [REDACTED]
- Turns Recommendations

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Inventory Turns



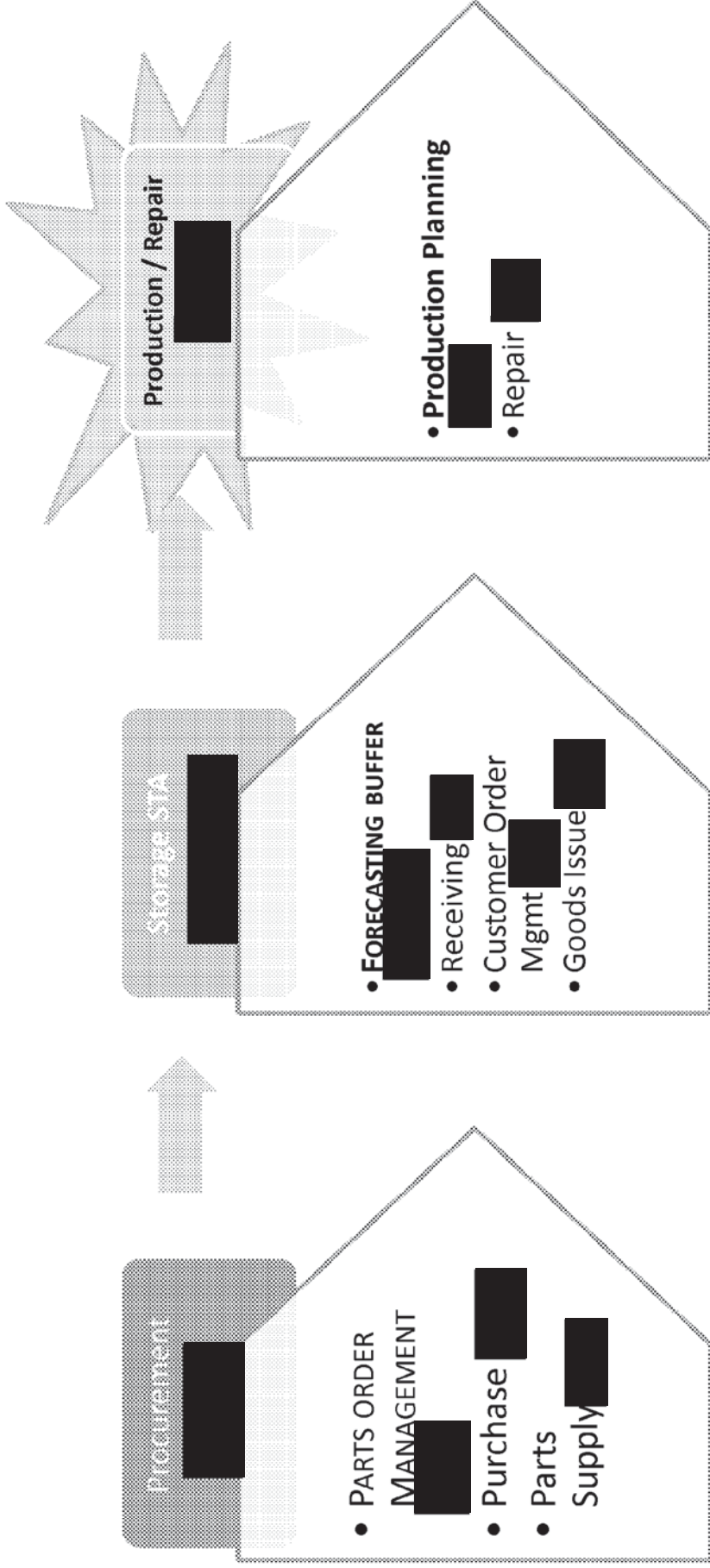
Increased Turns effect on Inventory Levels

- [Redacted]
- [Redacted]

| Category | Material IDs | Inv Value | Average Turns | Turns Increase | Inv Reduction |
|------------|--------------|-----------|---------------|----------------|---------------|
| [Redacted] | | | | | |



Production Planning



Goal - [REDACTED]

- [REDACTED]



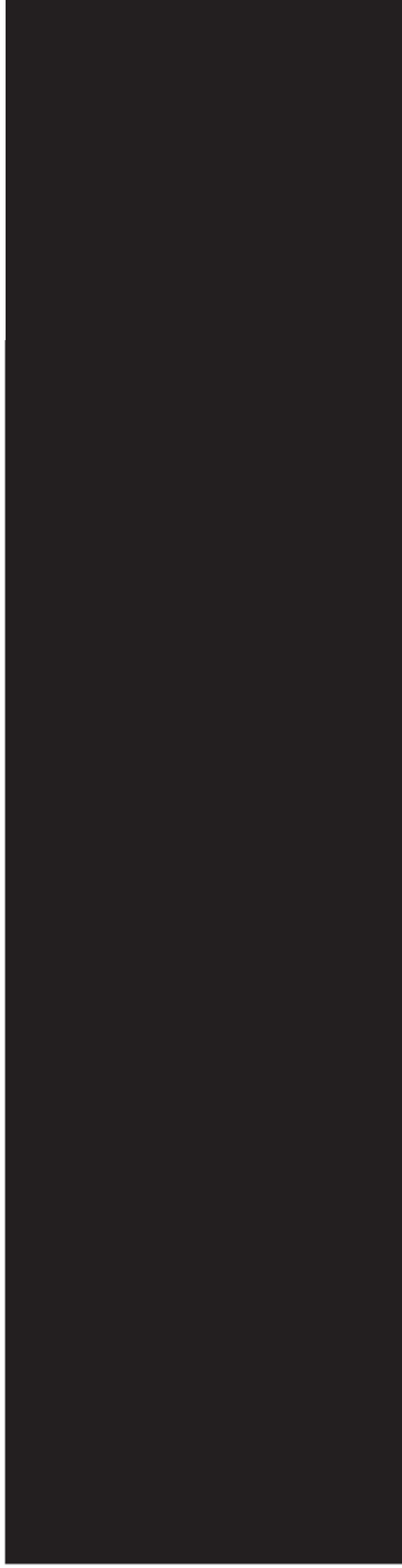
Production Planning

- As Is



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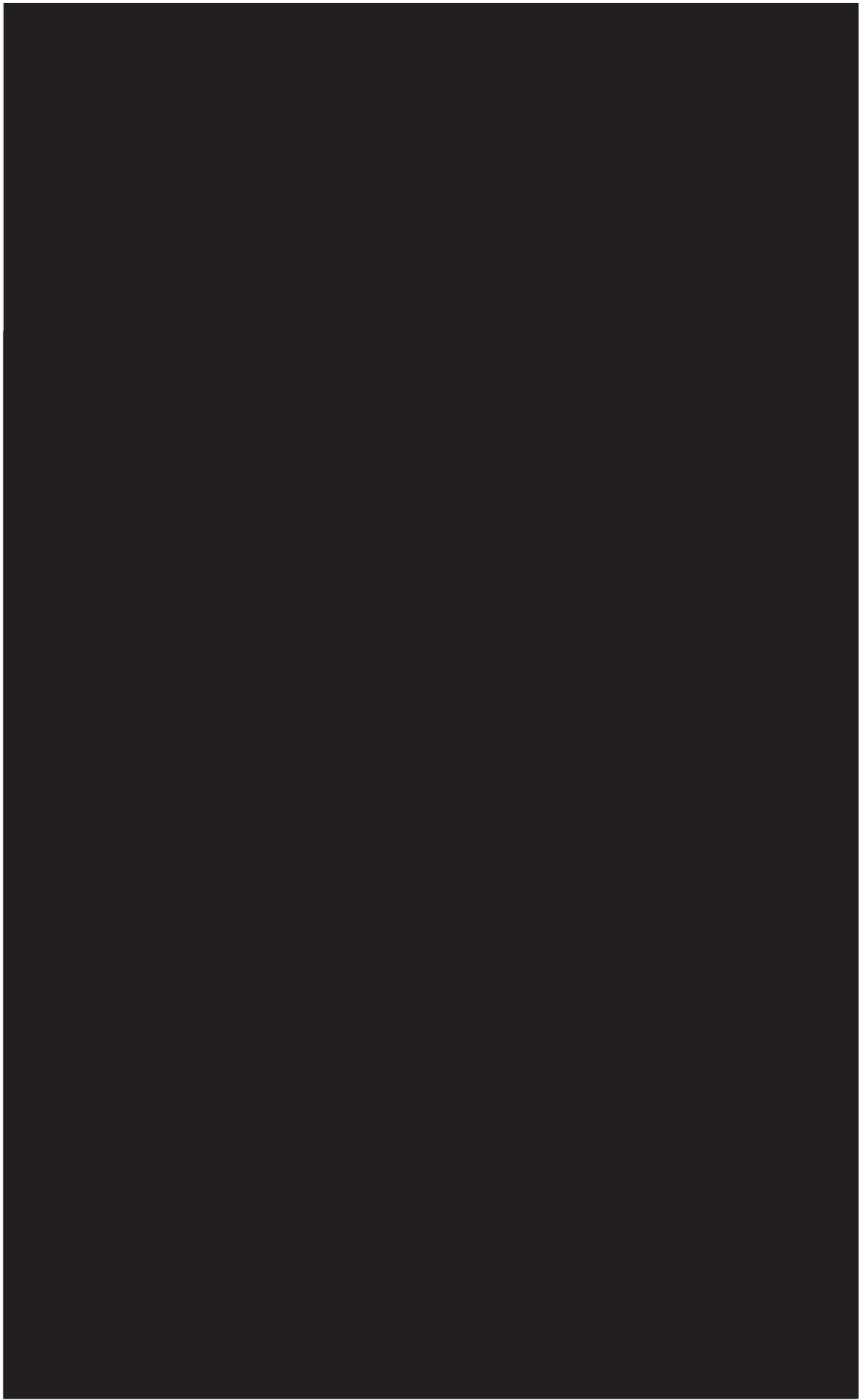
- To Be



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Complexity of Production Planning



- Insert slide on RMA Accuracy



- Insert slide on Inventory visibility by model



- Insert slide on manual vs. auto sales orders



- Insert slide WIP levels and Usage Rates



Objectives

- A simple methodology on procurement of material
 - Methodology may be simple – hard work is building the structure that feeds the methodology
 - Simplify scope of procurement
 - Methodology is explainable, measurable and consistent
- Determine the ‘right’ levels of inventory considering lead time and forecast challenges
 - Reporting must be tied to a [REDACTED]
 - Teams/individuals must own targets – monitor and act on issues early
- A policy on inventory aging
 - What are the appropriate recourses on inventory aging?
 - Eliminate the [REDACTED]



Procurement Methodology

- Procurement Methodology

