

# FINAL TRANSCRIPT

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## **GSIT - Q1 2012 GSI Technology Inc Earnings Conference Call**

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## CORPORATE PARTICIPANTS

**Lee-Lean Shu**

*GSI Technology, Inc. - Chairman, President, CEO*

**Douglas Schirle**

*GSI Technology, Inc. - CFO*

**Didier Lasserre**

*GSI Technology, Inc. - VP - Sales*

## CONFERENCE CALL PARTICIPANTS

**Jeff Schreiner**

*Capstone Investment - Analyst*

**Tristan Gerra**

*Robert W. Baird & Company, Inc. - Analyst*

**Robert Johnson**

*Johnson Investment - Analyst*

**Jonathan Vyorst**

*Paradigm Capital - Analyst*

**George Gaspar**

*- Private Investor*

**Jeff Meyers**

*Cobia Capital - Analyst*

## PRESENTATION

**Operator**

Ladies and gentlemen, thank you for standing by. Welcome to GSI Technology's Fiscal 2012 First Quarter Conference Call. At this time, all participants are in a listen-only mode. Later, we will conduct a question and answer session. At that time, we will provide instructions for those interested in entering the queue for the Q&A.

Before we begin today's call, the Company has requested that I read the following Safe Harbor statement. The matters discussed in this conference call may include forward-looking statements regarding future events, and the future performance of GSI Technology that involve risk and uncertainties that could cause actual results to differ materially from those anticipated.

These risks and uncertainties are described in the Company's Form-10K filed with the Securities and Exchange Commission. Additionally, I would also like to advise you that this conference call is being recorded today, July 28, 2011 at the request of GSI Technology.

Hosting the call today is Lee-Lean Shu, the company's Chairman, President, and Chief Executive Officer. With him are Douglas Schirle, Chief Financial Officer, and Didier Lasserre, Vice President of Sales. I would now like to turn the conference over to Mr. Shu. Please go ahead, sir.

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**Lee-Lean Shu** - *GSI Technology, Inc. - Chairman, President, CEO*

Good afternoon, everyone. Thank you for joining us. Today, we reported GSI's 31st consecutive quarter of profitability. We earned \$3.3 million, or \$0.11 per diluted share, on net revenue of \$23.0 million. Net revenues were at the top end of our guidance,

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and the gross margin of 44.2% was also in line with expectations and virtually unchanged from 44.1% in the prior quarter. In the same period a year ago, we reported net income of \$4.4 million, or \$0.15 per diluted share, on net revenues of \$22.9 million. In short, net revenues were essentially unchanged. Net income, however, declined by \$1.1 million.

The disparity in year-over-year bottom-line results is attributable to a couple of factors. First is gross margin. A year ago, gross margin of 47.2% was considerably above our target range of the low-forties. As we said at the time, it stemmed from an unusually advantageous mix in both products and market segments, and we cautioned that it could not easily be replicated.

Second is operating margin. First quarter fiscal 2012 operating margin was 18.0%, compared to 23.8% a year ago. As a percentage of our net revenues, in the first quarter of fiscal 2011 both R&D, at 11.1%, and SG&A, at 12.3%, were in line with expectations.

R&D this year was up only slightly, at \$2.6 million, or 11.5% of net revenues, versus \$2.5 million in 2011. But SG&A increased year-over-year by approximately \$570,000 to \$3.4 million, or 14.8% of net revenues. And on a sequential basis, the increase was even greater. First quarter SG&A was \$929,000 higher than in the prior quarter, when it was \$2.5 million, or 11.3% of net revenues.

The point to be made is that increase in SG&A, and the decline in operating margin, is primarily attributable to an item that, in fact, has little to do with the ongoing operations of the Company. More precisely, it consists of approximately \$800,000 in legal expenses incurred in connection with our dispute with Cypress Semiconductor.

In brief, Cypress contends, in both a lawsuit and in a complaint filed with the International Trade Commission, that GSI has infringed several of Cypress' patents, principally related to our SigmaQuad and SigmaDDR families of SRAM memory products. We, in turn, have filed a suit charging Cypress with antitrust violations and unfair competition.

No one can predict the result of such litigation. However, as we noted in today's press release, we believe that both the law and the facts are on our side. The expense involved in this type of litigation is indeed unfortunate, and it is likely that for some time it will have an adverse effect on GSI's P&L and consume a lot of our management's time.

To the extent that our legal counsel considers it appropriate, we will keep you apprised of the status of our dispute with Cypress. In the meantime, our shareholders should know that although the litigation will continue to affect the P&L, it is not expected to have any material effect on the day-to-day operations of the Company. I will now turn the call over to Doug.

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**Douglas Schirle** - GSI Technology, Inc. - CFO

Thank you, Lee-Lean. First quarter direct and indirect sales to Cisco Systems were \$9.6 million, or 41.6% of net revenues, compared to \$6.8 million, or 31.3% of net revenues in the prior quarter, when lower shipments reflected inventory adjustments on the part of Cisco's contract manufacturers.

First quarter fiscal 2011 sales to Cisco Systems were \$9.1 million, or 39.8% of net revenues. Sales to Huawei Technologies were \$1.4 million or 6.0% of net revenues, compared to \$2.2 million or 10.1% of net revenues in the prior quarter, and \$1.8 million or 7.9% of net revenues a year ago.

Military defense sales were 8.9% of shipments, compared to 8.3% in the prior quarter, and 7.8% in the comparable period a year ago. SigmaQuad sales were 32.5% of shipments, compared to 27.3% in the prior quarter, and 33.4% from the first quarter of fiscal 2011.

Product lines acquired from the Sony acquisition completed in August 2009, contributed approximately \$6.1 million to first quarter fiscal 2012 net revenues, compared to \$3.9 million in the fourth quarter of fiscal 2011, and have now contributed a total of approximately \$26.1 million.



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Total first quarter fiscal 2012 pre-tax stock based compensation expense was \$511,000, compared to \$408,000 in the prior quarter, and \$446,000 in the first quarter of fiscal 2011. We currently expect net revenues in the second quarter of fiscal 2012 to be in the range of \$22.8 million to \$23.8 million, with gross margin of approximately 44%.

Operating expenses are expected to be approximately \$6.7 million in the second quarter of fiscal 2012. The increase over the first quarter of fiscal 2012 is primarily due to expected increases in legal fees to be incurred related to the defense of the patent infringement lawsuit filed against us by Cypress Semiconductor on March 30, 2011, and the subsequent complaint filed by Cypress with the US International Trade Commission, as well as the anti-trust complaint that we filed against Cypress on July 22, 2011. We expect the legal fees related to these actions will be approximately \$1.5 million in the September quarter.

We currently expect our effective tax rate to be approximately 23.4% in fiscal 2012. Accounts payable at June 30 is \$6.9 million, up from \$5.6 million at March 31, due to increased wafer purchases and manufacturing expenses.

Net inventory was \$21.6 million at June 30, slightly up from \$21.4 million at March 31. Wafer turns at June 30 are 2.4 time -- I'm sorry, inventory turns at June 30 are 2.4 times, compared to 2.3 at March 31. Depreciation and amortization expense was \$714,000 in the quarter ending June 30, 2011. Operator, at this point, we'll open the call to Q and A.

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## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions)

And our first question comes from Jeff Schreiner with Capstone Investment.

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### Jeff Schreiner - Capstone Investment - Analyst

Yes, good day, everyone. Thank you for taking my questions. The first question I have, maybe to Didier, was regarding Asia. It seems like with the Huawei revenue it's still a little sluggish, and was the Asian end market still kind of slow for you guys, and when do you think that this market inevitably could recover?

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### Didier Lasserre - GSI Technology, Inc. - VP - Sales

So, certainly Huawei, as you mention, was down. We had mentioned that they were working through some inventory. They were certainly down a bit in the March quarter, and may have been down more, but I think they brought in a little extra product in the March quarter, because they seemed to be spooked by the tsunami in Japan. So, I think we had the extra effect in the June quarter.

Certainly, we see them rebounding a bit already in the September quarter. Some of the other segments, though, in Asia were actually a little stronger. [jos etc] was up for us. So, it wasn't generically Asia was down. Certainly, Huawei was the big factor in pulling Asia down for us.

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### Jeff Schreiner - Capstone Investment - Analyst

Okay. And either Didier or Doug, this question just in terms of your guidance. It seems to be a little bit almost flattish kind of at the mid-point on a sequential basis, and I'm just wondering if its really more end-market weakness, a lot of customer weakness,

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specifically such as Huawei, and now we're hearing negative things from Alcatel-Lucent, or was there some other issue that may be holding back the sequential growth in the September quarter?

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**Douglas Schirle** - *GSI Technology, Inc. - CFO*

I still think that there is a little bit of inventory out there. I mean, certainly, everyone thinks it's beyond us, and I think the majority of it is. But I still think there is some out there. And just in general, though bookings were up, it's still a little hazy on the future right now. And with our lead times, our lead times are actually pretty low right now, as we mentioned earlier.

And so, the backlog coverage in general, we're certainly going to be doing a fair amount of turns this quarter, just because of our lead times being less, less than a quarter's worth of weeks. I mean we're looking at usually on average about eight weeks. Certainly, is there upside for this quarter? There may be, but right now, at this point, it looked like the quarter was shaping up to be just, like you said, a little bit more than flat.

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**Jeff Schreiner** - *Capstone Investment - Analyst*

Okay. And final question for me, again Didier or Doug, when can we kind of see some lifting in maybe some of the gross margin headwinds? Could you talk about some of the things -- I know that guidance for the June quarter was sequentially flat to 44%, but it seems that maybe there might be some ways to see that increase a little bit, or is this kind of where the gross margin level will likely be over the next two quarters.

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**Douglas Schirle** - *GSI Technology, Inc. - CFO*

Well, I think all along we've been saying that we believe, that even though our corporate target is 40% to 43%, that somewhere around where we are at 44%, 45%, is probably about where we see it. Obviously, we do whatever we can to maximize our margin, and will continue to do that, but I think we're probably about where we would expect it to be.

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**Jeff Schreiner** - *Capstone Investment - Analyst*

Okay. Thank you very much, gentlemen for your time.

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**Douglas Schirle** - *GSI Technology, Inc. - CFO*

Thanks, Jeff.

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**Operator**

Your next question comes from Tristan Gerra with Robert Baird.

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**Tristan Gerra** - *Robert W. Baird & Company, Inc. - Analyst*

Hi, good afternoon. Is the legal-fees assumption for the September quarter kind of the level we should expect in other quarters, and also, is there any time frame where we could see those legal fees going higher, depending on trial dates and other events?

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**Douglas Schirle** - *GSI Technology, Inc. - CFO*

It's constantly evolving. Obviously, you know that Cypress sued us in Minnesota at the end of March, and then just recently an action been initiated at the ITC, and then we've also been working on a lawsuit that we filed against Cypress for anti-trust and unfair competition. It's going to be evolving. I don't have a good set of numbers from the attorney's. It's difficult for them. I think \$1.5 million is probably in the ballpark for the quarter. It could be more, it could be less. And certainly, as we move down the road, there could be quarters where it could be greater than that.

**Tristan Gerra** - *Robert W. Baird & Company, Inc. - Analyst*

OK. And then --

**Douglas Schirle** - *GSI Technology, Inc. - CFO*

It's the best estimate we have at this time.

**Tristan Gerra** - *Robert W. Baird & Company, Inc. - Analyst*

Sure, that's helpful. And what is your view of finished product inventories that your key OEM customers, and also is there any percentage of your hub inventory at Cisco that's still exceeding the ninety-day threshold?

**Didier Lasserre** - *GSI Technology, Inc. - VP - Sales*

Certainly, that is much clearer than it was a few quarters back. Certainly, we track how much of the, like you said, the ninety-day older inventory material, and we've discussed it in the past, in the September quarter last year was \$1.2 million, December quarter was just over \$2 million. The March quarter was significantly down, and we had very little ninety-day in the June quarter. And going forward, it's going to be -- I'm not sure if there is going to be any. So, certainly, this is something that works its way through. So, at this point, I would say that the consignment inventory looks very clean.

**Tristan Gerra** - *Robert W. Baird & Company, Inc. - Analyst*

And then, finally, you mention a little bit of rebound outlook for Huawei. Can you give us maybe a little bit more visibility on what's your guidance [is admitting] for some of your key customers in terms of growth? Which key customer you think is going to grow the fastest, or is it pretty even across the board?

**Douglas Schirle** - *GSI Technology, Inc. - CFO*

Yes, well, we generally don't give guidance by customer, but certainly one of the bright spots, I think, this quarter will be Huawei. Obviously, part of the reason is that they certainly have come down two quarters in a row, burning through some of their inventory. But, we think they're beyond that now, and so we do see them rebounding this quarter. But, in general, we don't comment on customer-by-customer, whether they're going to be up or down by quarter.

**Tristan Gerra** - *Robert W. Baird & Company, Inc. - Analyst*

Great. Thank you.

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**Douglas Schirle** - *GSI Technology, Inc. - CFO*

Your welcome.

**Operator**

Your next question comes Robert Johnson with Johnson Investment.

**Robert Johnson** - *Johnson Investment - Analyst*

Just one question, gentlemen, with regard to the Cypress lawsuit, what percentage of your sales do the alleged infringing products account for? Is it strictly the SigmaQuad, which is around a third of sales, or does it go beyond that?

**Douglas Schirle** - *GSI Technology, Inc. - CFO*

At this point, all that's been mentioned in this lawsuit is the SigmaQuad products, which, like you say, about a third of our business.

**Robert Johnson** - *Johnson Investment - Analyst*

Okay. That's what I thought. Thank you very much.

**Douglas Schirle** - *GSI Technology, Inc. - CFO*

Your welcome.

**Operator**

(Operator Instructions)

Your next question comes from Jonathan Vyorst with Paradigm.

**Jonathan Vyorst** - *Paradigm Capital - Analyst*

Hi. So, do you guys have an in-house counsel?

**Douglas Schirle** - *GSI Technology, Inc. - CFO*

No, we don't have an inside -- in-house counsel. We use DLA Piper.

**Jonathan Vyorst** - *Paradigm Capital - Analyst*

Okay. Have you thought about hiring some -- I mean as this, right as the cases get heavier, have you thought about maybe hiring somebody internally, just to help management?

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**Douglas Schirle** - *GSI Technology, Inc. - CFO*

Not so much, at this point yet, but obviously something we can consider in the future.

**Jonathan Vyorst** - *Paradigm Capital - Analyst*

Okay. I'm looking at your balance sheet and I believe I see something close to \$90 million in cash and investments. Is that --

**Douglas Schirle** - *GSI Technology, Inc. - CFO*

Yes. That's correct.

**Jonathan Vyorst** - *Paradigm Capital - Analyst*

Okay, so have you thought about buying back shares?

**Douglas Schirle** - *GSI Technology, Inc. - CFO*

We did have a program in place. Over time we've brought it up to the board. It's not something they've decided to kick off again, yet.

**Jonathan Vyorst** - *Paradigm Capital - Analyst*

Okay. As we're a pretty large shareholder, and I'm guessing there are other large shareholders on this call, it's hard for me -- I understand that's it hard for you to estimate what your real cost will be, but it's hard for us to feel comfortable with a company holding so much in cash that doesn't earn anything at a time when we -- our investment has depreciated in value. So, it seems to me, you could take half of that money, and put in a pretty large share buyback, and you would still have ample funds to do R&D and defend yourself against frivolous lawsuits.

**Douglas Schirle** - *GSI Technology, Inc. - CFO*

Look, that's something like I say, we've discussed with the board. We also have our eyes open for other acquisition targets. We acquired the Sony Memory Products Division almost two years ago now, and that was a good deal for us, and we have our eyes open for other opportunities, which would use cash potentially.

**Jonathan Vyorst** - *Paradigm Capital - Analyst*

Right. I'm guessing if you polled your shareholders, they would probably prefer a buyback at this point.

**Douglas Schirle** - *GSI Technology, Inc. - CFO*

I --

**Jonathan Vyorst** - *Paradigm Capital - Analyst*

That's all for my questions, anyway. Thank you.



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**Operator**

Your next question comes from [George Gaspar], private investor.

**George Gaspar** -- *Private Investor*

Yes, good afternoon. First question on your cash situation compared to March 31. It looks like you built up your cash, cash equivalents. The short-term investments and long-term investments are relatively close to the previous quarter, and looking at your net earnings for the quarter, it seems like you are getting cash build up that is equivalent to the profitability. Are there any comments you can make about your cash management here, and how it compares with previous quarter?

**Douglas Schirle** - *GSI Technology, Inc. - CFO*

We're not doing anything differently. We do invest it as we see things that are safe. The best investments out there are harder and harder to come by. There's not a lot to be made on the cash at this point. And we don't want to risk it where we're going to lose our shareholders' shelters cash.

**George Gaspar** -- *Private Investor*

Okay. All right. And then I've got a question on the revenue stream for the quarter. If you were to dissect your revenue stream, in terms of the introductions that the company has released in the last six months through the beginning of the last quarter, going back to December, can you give us anything on how much of your revenue stream in the first quarter would have been associated with introductions of new product that have come forward in the last six months. And the second part of that would be, how do you -- when you view the coming quarter, how do you see product introductions of the past few months effecting your revenue stream?

**Douglas Schirle** - *GSI Technology, Inc. - CFO*

Right. So, let's talk about the first part of the question which is the new product introductions. So, really the two that come to mind that we've discussed are the LLD RAM, and the SigmaQuad-III, the higher speed device, the 714 megahertz device. So, those are again, been announced in the last few months, and the 714 megahertz will contribute a little bit this quarter. It's really prototyping for one of our largest customers.

You may have seen an announcement that came out within the last month on a 400Gig service provider router, and this is the memory that goes along with the ASIC on that platform. And so, that platform is really geared to really kick off, sometime I think I heard, second quarter to mid next year. So, between now and then, it's going to be mostly prototyping field quantity type of orders that we'll see. So, it will contribute a little bit but not much.

The LLD RAM, we actually have started sampling our full device, and what I mean by full device, this is the device that we plan on taking to mass production with no more changes. That, those samples have gone out to customers already, and certainly, depending on the customer, qualifications can take four months to nine months. And so, we don't anticipate any revenue from that family in this quarter, and most likely not for -- or very little for the December quarter. What I've been saying all along is, this is really something that is going -- we'll start seeing on the revenue sometime, significantly, probably second quarter -- calendar, second calendar quarter of 2012.

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**George Gaspar** - - *Private Investor*

Okay. And looking forward into this new quarter you are in now, is there anything that you can give us some thoughts on as to what might be around the corner? What your objectives might be and further introductions, something specifically you are trying to target?

**Douglas Schirle** - *GSI Technology, Inc. - CFO*

So, we certainly, are introducing a die revision on our 72meg SigmaQuad-II device, and so that actually give us, not only a better cost-level device, but also it gives us a II+ functionality, which is something we've lacked in our 72meg offering. And so, that family will be introduced very shortly. In fact, we're sampling now, and so it will hopefully be revenue that should kick in fairly quickly, because unlike the other device, the SigmaQuad-III, which I described, that's a product that we're leading the market. So, there is no existing [socketage], we're creating that market. While this device I just mentioned, the 72meg II plus, we're actually second sourcing and getting market share that is already out there.

Another device that we're going to introduce, is we're actually going to be chopping our 576meg LLD RAM design. So, there's two densities out in the market space today. A 288meg and a 576meg. Our first introduction is a 576meg. So, we'll be chopping that family, and we'll have samples in fourth quarter of this year. And so certainly, that's another family will help drive some revenue in calendar 2012.

**George Gaspar** - - *Private Investor*

I see. Okay. Thank you kindly.

**Douglas Schirle** - *GSI Technology, Inc. - CFO*

Your welcome.

**Operator**

Your next question comes from Jeff Meyers with Cobia Capital.

**Jeff Meyers** - *Cobia Capital - Analyst*

Great. Thanks guys. Just wondering about competitive environment, are there any [share share's] going on, and also, what's going on with Samsung?

**Douglas Schirle** - *GSI Technology, Inc. - CFO*

So far, I don't see any major changes. Certainly, there has not been any changes on the Samsung front. What I mean by that is, certainly, they still have not discussed anything in the SRAM market space. They are not talking about die revisions or new products, so I see no change there. And, obviously as we talked in the past, there is no new competitors have entered the market, so the folks that are left, are the folks we've described in the past.

The only other update that we've seen is REC, they had the Renesas portion of the fabs had some damage in the tsunami, and it's our understanding that those fabs are back up and running as of July, as of this month. And so, I know that one of our competitors had mentioned in a call recently that they've seen some upside in billings lately because of the Renesas issues. And so certainly we think that they'll be back online somewhere in kind of the October time frame, they'll be back in the market.

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**Jeff Meyers** - *Cobia Capital - Analyst*

And have you guys benefited from that at all, or --?

**Douglas Schirle** - *GSI Technology, Inc. - CFO*

In one, actually, case yes. We have one part number that we share with them at one of our large customers, and certainly, we've been getting the bulk of that business. And so, when they get back online, we'll go back into a sharing model.

**Jeff Meyers** - *Cobia Capital - Analyst*

What about just in general, the environment overall, I mean Juniper kind of blew up the other day, as did [Absolution] and Cisco has not been doing particularly well. Do you think that the communications market is kind of slower these days, or slowing, what do you guys think?

**Douglas Schirle** - *GSI Technology, Inc. - CFO*

It's hard to tell, Jeff. Certainly, it's clear with the calendar 2010 tightness that we had on the supply level, that a lot of the customers brought in certainly more product than was necessary, or certainly it didn't support the run rates that were real. And so, they went through a correction period the end of last year and into the beginning of this year. And we see a lot of that material going -- or being used out, so certainly, that is a positive notice. As far as what's the run rate in the future, it's still, as I mentioned a little earlier, it's still a little bit hazy on what's going on out there.

**Jeff Meyers** - *Cobia Capital - Analyst*

Thanks.

**Operator**

Your next question comes from Robert Johnson with Johnson Investment.

**Robert Johnson** - *Johnson Investment - Analyst*

I just have a quick comment that I feel compelled to make in light of a statement by an earlier caller. I would like to commend management for doing a brilliant job in every respect, but specifically, in terms of hanging onto your cash balance. We are in very uncertain economic times. It is obviously not management's fault that Bernanke is an incompetent, and is preventing you and everyone else from earning a decent rate of return on cash. But that said, your acquisition of the Sony product lines was brilliant and I think it is very prudent, and makes great common sense, for you to hang onto every penny you can until the economic environment clears up.

I would say that no one would accuse Apple's management, for example, of being less than stellar, and they are sitting only with what, \$76 billion in cash. And so, just to sum up again, when the other shareholder said that he thinks he can speak for most, if not all shareholders, I disagree with that, and please do what you are doing, you are doing a great job in every respect, technologically. And in terms of financial management, and just wanted to make that clear. Thank you that's all I have to say.



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**Douglas Schirle** - *GSI Technology, Inc. - CFO*

Thanks, Robert. Yes, unfortunately, we find that that issue is a very polarizing issue. Either people really want it, or people really don't want it. But certainly, we'll keep it in mind. Thank you.

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**Operator**

Your next question is a follow-up question from George Gaspar, private investor.

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**George Gaspar** - *Private Investor*

The approval on the previous caller's comment. That's the wonderful thing about GSI Technology is your continuing cash management as you've grown, but also in the current situation and the moderate pullback that the industry and you're experiencing. One last question here on long-term investments. Could you talk a little bit about how your long-term investments are structured at this point in time and the types of investments that you have?

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**Douglas Schirle** - *GSI Technology, Inc. - CFO*

Yes, there's been no change in what we put our money into. It's really a matter of what becomes available. We do have an investment policy that our board of directors has approved. And we cannot have an average maturity if you take like all the investments, in excess of one year. So, the average is less than one year.

Typically, recently, we've been seeing ourselves buying more CDs because they are 100% insured. Over the last couple of years, with the financial crisis, most of what we did buy was in CDs or government-insured funds. So that just about everything we have is either insured, if it's a municipal bond, typically, we try to get pre-refunded bonds, where the cash is already in escrow to pay us off. So, it's very conservative, granted the yields aren't very good, but we don't think we are going to lose any of our shareholder's money.

We haven't changed our philosophy. Back when we went public, we did have some auction-rate preferreds, I guess about three- or four-years ago. We never lost anything. When the bad news on that came out, I think, within a month or two, all of our funds were collected, other than maybe \$1 million or \$2 million. Within eight or nine months we got that back also. So, we're not happy with the returns, but at the same time, we don't want to lose any of your funds.

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**George Gaspar** - *Private Investor*

Right. Okay. Well, impressive to say the least. Thank you kindly.

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**Douglas Schirle** - *GSI Technology, Inc. - CFO*

Thank you.

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**Operator**

(Operator Instructions)

And gentlemen at this time there are no further questions.

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**Lee-Lean Shu** - *GSI Technology, Inc. - Chairman, President, CEO*

Thank you for joining us. We look forward to speaking with you in October, when we will report our second quarter fiscal 2012 results. Thank you.

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**Operator**

This concludes today's conference. You may now disconnect.

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