

**TODAY's****Electronic News**

Daily News of the Electronics Industry

Editor: Bernard Levine

**BOEING WILL CLOSE LABS, CUT 8,200 WORKERS, NIX 18M SQ. FT. OF SPACE** -- The Boeing Company today disclosed a plan to streamline facilities, focus manufacturing and assembly operations, and eliminate redundant laboratories. Boeing expects the actions plus other business initiatives to eliminate approximately 18M sq.ft. of facility space, or more than 15%, by 2001. Previously Boeing cut its MD-80 and MD-90 jetliner programs, which combined with today's moves will cut 8,200 from its work rolls. This action will not require any one-time charges, the company said. Boeing already made plans to reduce commercial airplane employment by 12,000 beginning in 2H98. In addition, Boeing will close duplicate laboratories and facilities, and form partnerships with critical suppliers. Boeing: 206 655-6123.

**CEO OF INTEGRATED CIRCUIT SYSTEMS RESIGNS** -- The company today announced the resignation of Dr. Stavro E. Prodromou, effective immediately. Company chairman Henry I. Boreen is assuming the additional duties of interim CEO, while the company seeks a replacement. "Stav has made major contributions since joining the company in April 1997, and we obviously wish him the best as his future plans evolve. The company has in place a strong organization as well as a core management team to provide continued leadership during this interim period," said Mr. Boreen. Integrated Circuit Systems: 610 630-5300.

**HEI's BOARD REJECTS UNSOLICITED 11.5% BUY, ISSUES APPEAL** -- HEI, Inc. today filed with the SEC containing its response to the offer by Fant Industries Inc., wholly owned by Anthony J. Fant, to purchase 11.5% of HEI's outstanding shares at a price of \$8 per share. "The company's board has unanimously recommended that the shareholders reject the tender offer," say the directors. Among reasons the board cites are that the offer is for only 11.5% of the shares and based on several conditions. The Board questioned whether Mr. Fant intends to purchase any tendered shares, claim the directors. They hold that Mr. Fant's offer is conditioned on the board taking certain actions, including voluntarily giving him control of the board although he has given the board no meaningful information regarding his plans, proposals or nominees, or explained why he should be given full control of the board when he would own less than 30% of the stock, despite their repeated requests. The board also cautioned shareholders that they are not required to respond to the offer and can withdraw any shares they may have previously tendered. HEI: 612 443-2500.

**JUDGE RULES IN FAVOR OF SST OVER ATMEL'S INFRINGEMENT CLAIMS** -- A judge of the U.S. International Trade Commission (ITC) has determined that Silicon Storage Technology, (SST)'s SuperFlash, flash memory products do not infringe on any of the patents asserted against it by Atmel Corp., in February 1997, SST said today. In his decision, Judge Luckern said there was no violation of U.S. customs laws by the import into the U.S. of SST-designed flash memory chips along with the import by others of products containing such devices. The ITC has 45 days to order a review of the decision. If a review is not ordered within that time, Judge Luckern's decision becomes binding. "While Judge Luckern's decision is not final, I am confident it will be upheld by the ITC," said Daniel Johnson, SST's trial counsel. "This lawsuit has been a cloud over SST and has affected our ability to market our flash memory products. Now that the judge has cleared us of any patent infringement, we intend to aggressively compete with Atmel in the marketplace," said Bing Yeh, SST's president/CEO. Atmel had previously sued SST in U.S. District Court charging infringement of the same four patents and two additional patents. No trial date has been set. SST has filed a counter lawsuit against Atmel for damages. SST: 408 735-9110.

**ESS, DIAMOND TO CREATIVE: YOU'RE WRONG** -- ESS Technology and Diamond Multimedia Systems today responded to the lawsuit filed against them by Creative Technology by saying that both companies plan to vigorously defend themselves and "are exploring all available legal options," said Fred Chan, CEO of ESS. Creative yesterday filed the lawsuit in the U.S. District Court for the Central District of California alleging both ESS and Diamond had infringed U.S. patent 5,698,803 (Today's EN, March 19). ESS and Diamond both believe their products do not infringe upon the patent and that it should not affect any rollout or production demands for the product. The lawsuit is over the use of ESS' Maestro-2 PCI audio device and the Diamond Sonic Impact S70 sound card that utilizes ESS' chip. "The Sonic Impact S70 is an exciting new audio product incorporating cutting-edge PCI technology with a competitive price point," said James M. Walker, senior VP and CFO at Diamond. "This suit in no way affects our launch of the Sonic Impact S70 and shipments will continue as planned," ESS: 510 492-1155 Diamond: 408 325 7300.

**HADCO PHOENIX RISES FROM CONTINENTAL CIRCUITS' ASHES** -- Hadco Corp. subsidiary, Hadco Acquisition Corp. II, completed its tender offer for all outstanding shares of Continental Circuits Corp. at \$23.90 per share and has accepted for payment all shares validly tendered and not withdrawn. The offer commenced on Feb. 20, and expired at midnight, eastern standard time, on

(continued on next page)

**TO SUBSCRIBE OR RECEIVE A FREE SAMPLE OF TODAY'S ELECTRONIC NEWS  
BY FAX OR E-MAIL CONTACT EMMY KIM, 212-545-5456.**