

Major Earthquake Hits Japan



OBJECTIVE ANALYSIS SEMICONDUCTOR MARKET RESEARCH



Significant Potential Problems in Semiconductors

An earthquake of magnitude 8.9 struck today, Friday March 11, 2011, at 2:45 PM off the coast of Japan's main island, Honshu.

This earthquake was preceded by a 7.3 temblor on Wednesday near the same area, about 70km off the coast near the city of Sendai. A Google map of the epicenter is [HERE](#).

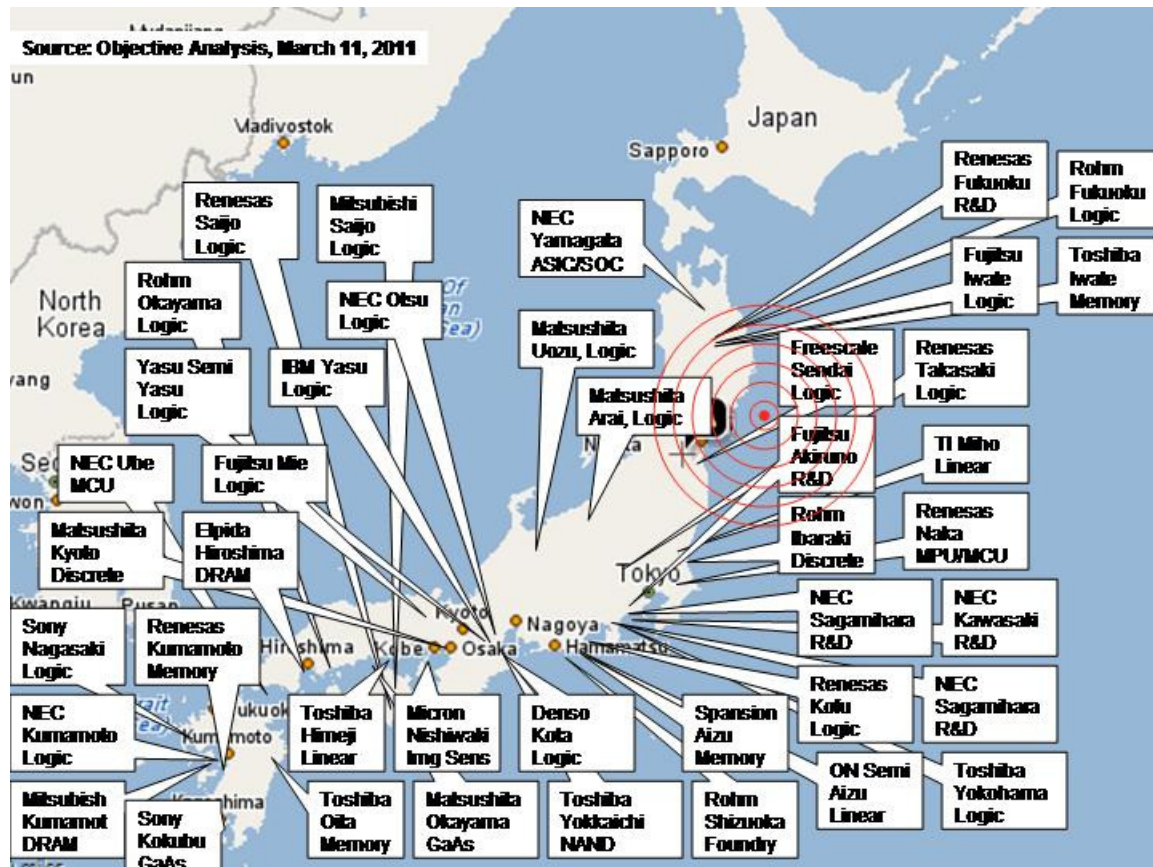
How Strong is an 8.9 Point Earthquake?

As a matter of comparison, the Taiwan earthquake in 1999 that caused significant damage in Taipei and stopped fabs in Hsin Chu was a magnitude 7.6, less than one tenth the power of Japan's earthquake. The 1989 Loma Prieta earthquake that stopped production in Silicon Valley measured 6.9, or one hundredth the strength of today's earthquake.

Prior Japan earthquakes that have caused concerns to the semiconductor industry have been far smaller than today's, including a 5.9 magnitude earthquake in September 2008, two measuring 6.0 and 6.8 in July 2007, and one measuring 6.9 in March of 2007.

Wafer Fab Impact

The map below illustrates the relationship between the epicenter of the earthquake and most of the semiconductor wafer fabrication plants in Japan. Objective Analysis is contacting as many of these companies as we can to check on their status, but the earthquake is so large that it might be several days before its impact can be fully comprehended. We will keep the clients of our syndicated service apprised of any findings.



Over 40% of the world's NAND flash and roughly 15% of the world's DRAM are manufactured in Japan. Japan is a significant source of chips to support consumer electronics devices. A two-week shutdown would remove from production a sizable share of each of these. It doesn't take a large production decrease to cause prices to increase dramatically. Objective Analysis anticipates phenomenal price swings and large near-term shortages as a result of this earthquake.

Demand will be impacted as well since many electronics manufacturers are in Japan, and their consumption of semiconductors will be halted until earthquake damage is repaired.

Objective Analysis will update this information as we receive reports from the companies struck in Japan. We express our deep concern for those people involved, and hope to hear that things are not as bad as anticipated once all the damage is fully assessed.

Jim Handy

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