

February 27, 1980



Mr. Tony Perez
Mattel Electronics
Mattel Inc.
5150 Rosecrans Ave.
Hawthorne, CA 90250

Dear Tony:

Per our phone conversation between Messrs. Johnson, Edwards, and Secore, the purpose of this letter is to document new schedules for Basketball II (MA 6037) and Soccer II (MA6038). Development milestones are shown below and production schedules are attached as exhibit A.

DEVELOPMENT MILESTONES
BASKETBALL II - MA6037

Prototype modules 3/12
Customer Approval 3/14
1st article - Lens 3/15
Release COPs to production 3/17
Release lens to production 4/11
Ship testers and programs to PH 4/16
Start PH production 5/5
(engineering run)
PH ship first 200 modules 5/16
PH begin module production 5/19

SOCCER II - MA6038

1st COPS Waffers 4/18
Prototype Module 4/22
Customer approval 4/25
Start Production COPS and
Tester Software 4/28
Ship test equipment to
PH 5/16
Start engineering run
in PH 6/15
PH ship first 200
modules 6/27

RAMP-DOWN/UP PROGRAM

As you know the ramp down/up program significantly impacts our schedules. One of the limiting items is that our module capacity can only grow at a certain rate. The impact of a ramp-down in periods 8,9,10, and 11, can impact the maximum capacity the following year in periods 3,4,5, and 6. Consequently, the run rate in the slow period will dictate the run rate for the following peak ceiling.

The ramp-down level shown in Exhibit A assumes a peak capacity requirement the following year at 200 K per period. This would encompass all programs.

The average ramp-up delta that modules could manage is 12,500 per period. As an example, this ramp would look like:

<u>PERIOD</u>	<u>QTY</u>	
4	200K	
5	260K	
6	210K	
7	150K	} slow season
8	100K	
9	100K	
10	112.5K	
11	125K	
12	137.5K	
13	150.0K-May 31	
1	162.5K	
2	175.0K	
3	187.5K	
4	200.0K	

Obviously, this is an ideal situation. If Mattel Electronics desired 400K modules per period in the peak season, then using the same slope, you would have to keep our production at approximately a 300K unit per period rate during periods 8,9,10, and 11. What this implies is it is in the best interest of NSC and Mattel Electronics to begin some of the 1981 programs in periods 8,9,10, and 11. This would assist us in keeping the slow period base at a reasonable level, and allow a logical ramp-up for the peak season.

If you have any additional questions, please feel free to contact me.

Very truly yours,



James P. Tann
Marketing Manager
Toys and Games

CC: Bob Johnson
T. S. Edwards
J. Diller
R. Englebert
P. Hillen
E. Sargent

EXHIBIT A

FINISHED GAMES

PRODUCTION SCHEDULES

<u>PERIOD</u>	<u>W/W</u>	<u>DATE ENDING</u>	<u>BASKETBALL II</u>	<u>SOCCER II</u>	<u>TOTAL</u>
13	52	5/24	.2	X	.2
1	1		1.0	-	1.0
	2		4.0	-	4.0
	3		8.0	-	8.0
	4	6/27	15.0	X	15.0
	5		30.0	X	20.0
2	6		0.0	X	30.0
	7		30.0	X	35.0
	8	7/26	3.0	10.0	40.0
3		8/23	10.0	40.0	140.0
4		9/20	100.0	90.0	190.0
5		10/18	120.0	120.0	240.0
6		11/15	105.0	105.0	210.0
TOTAL:			563.2	370.0	933.2
7		12/13	75.0	75.0	150.0
8		1/10/81	50.0	50.0	100.0
9		2/7/81	50.0	50.0	100.0
10		Begin New Ramp-Up			

new mp / make for basketball

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