The State Of The Global Microchip Industry

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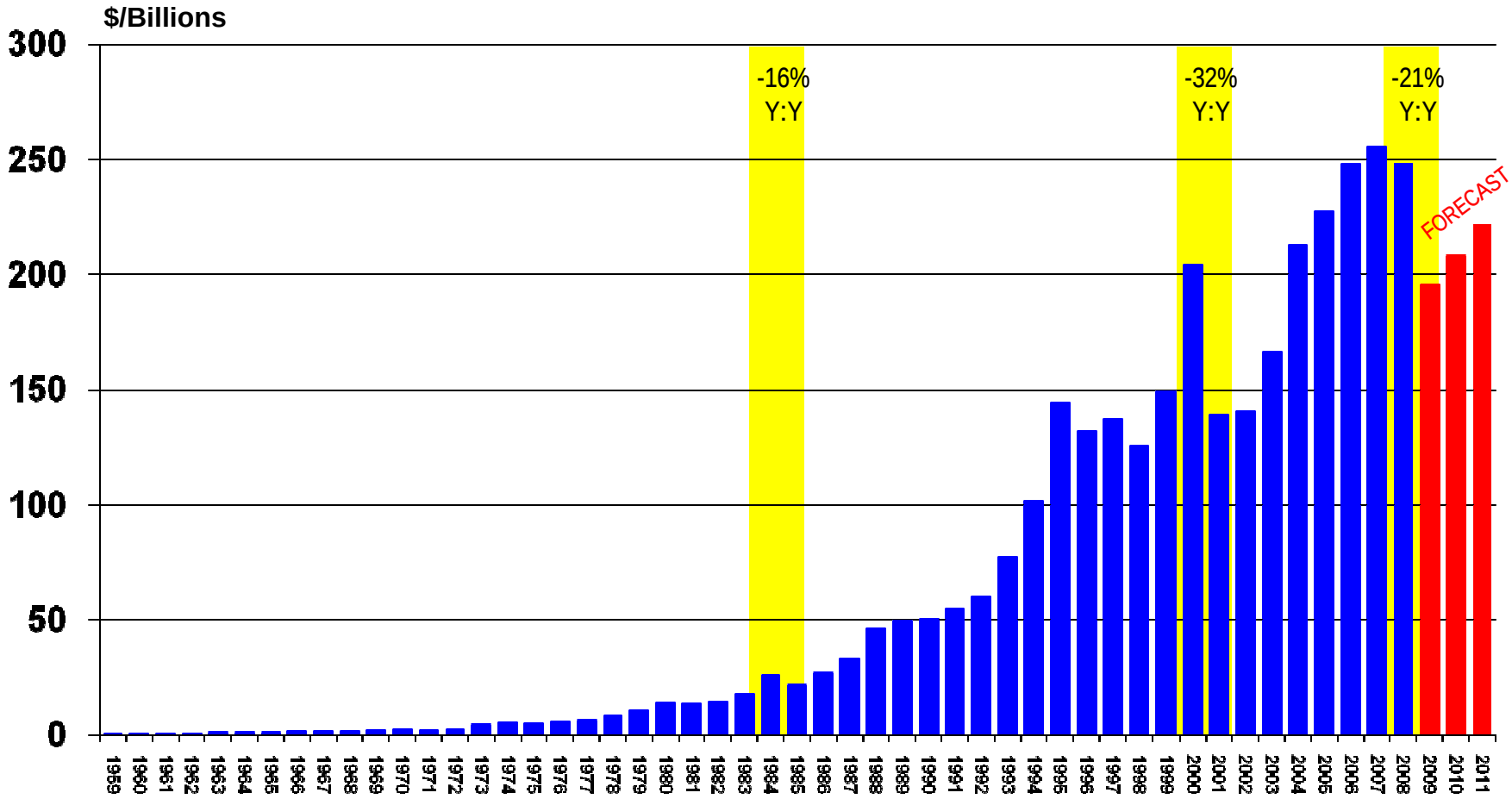
Semiconductor Market Cycle



Source: SIA June 2009 Forecast

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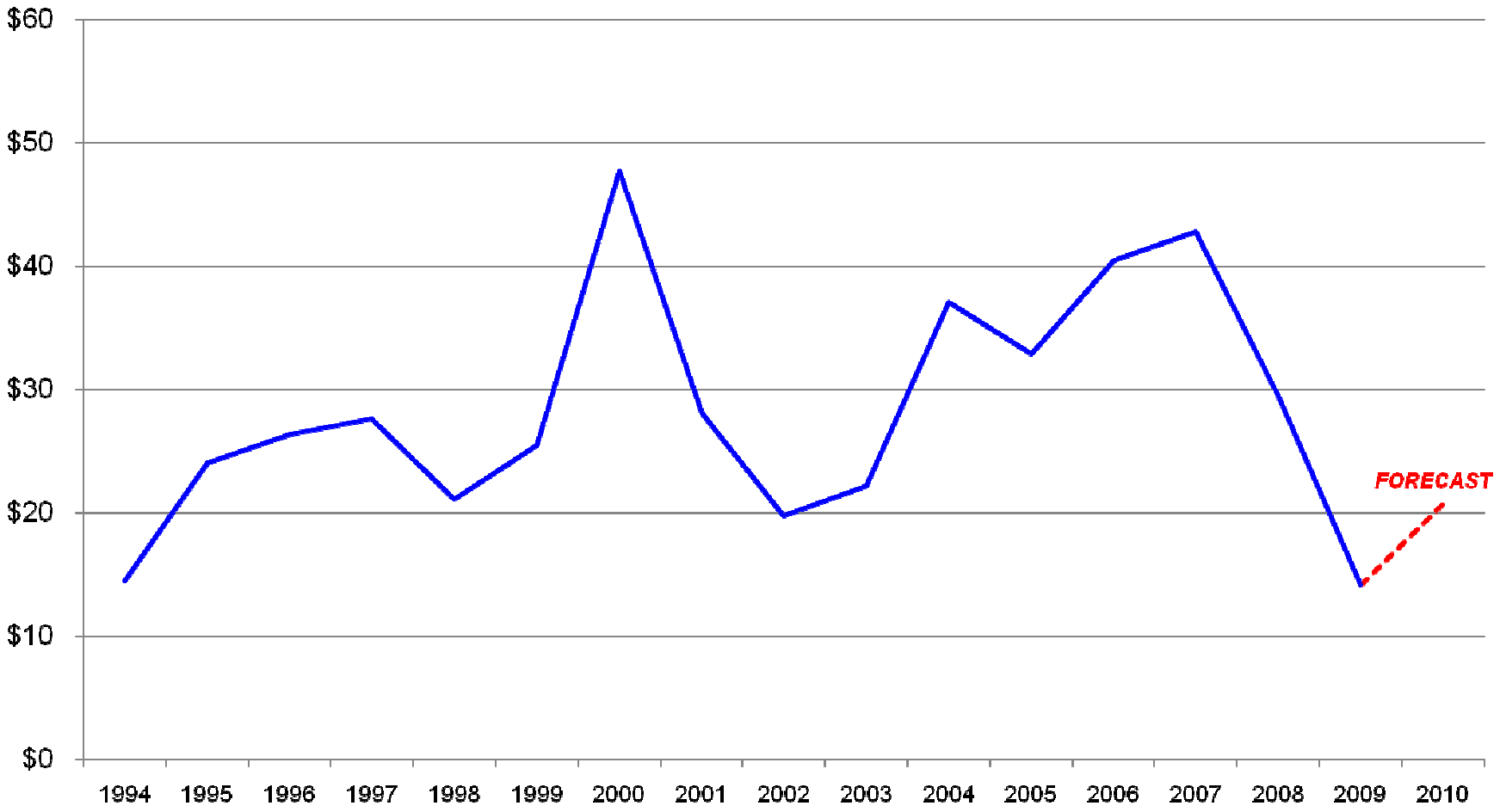
Semiconductor Equipment Sales



Source: SEMI/SEAJ

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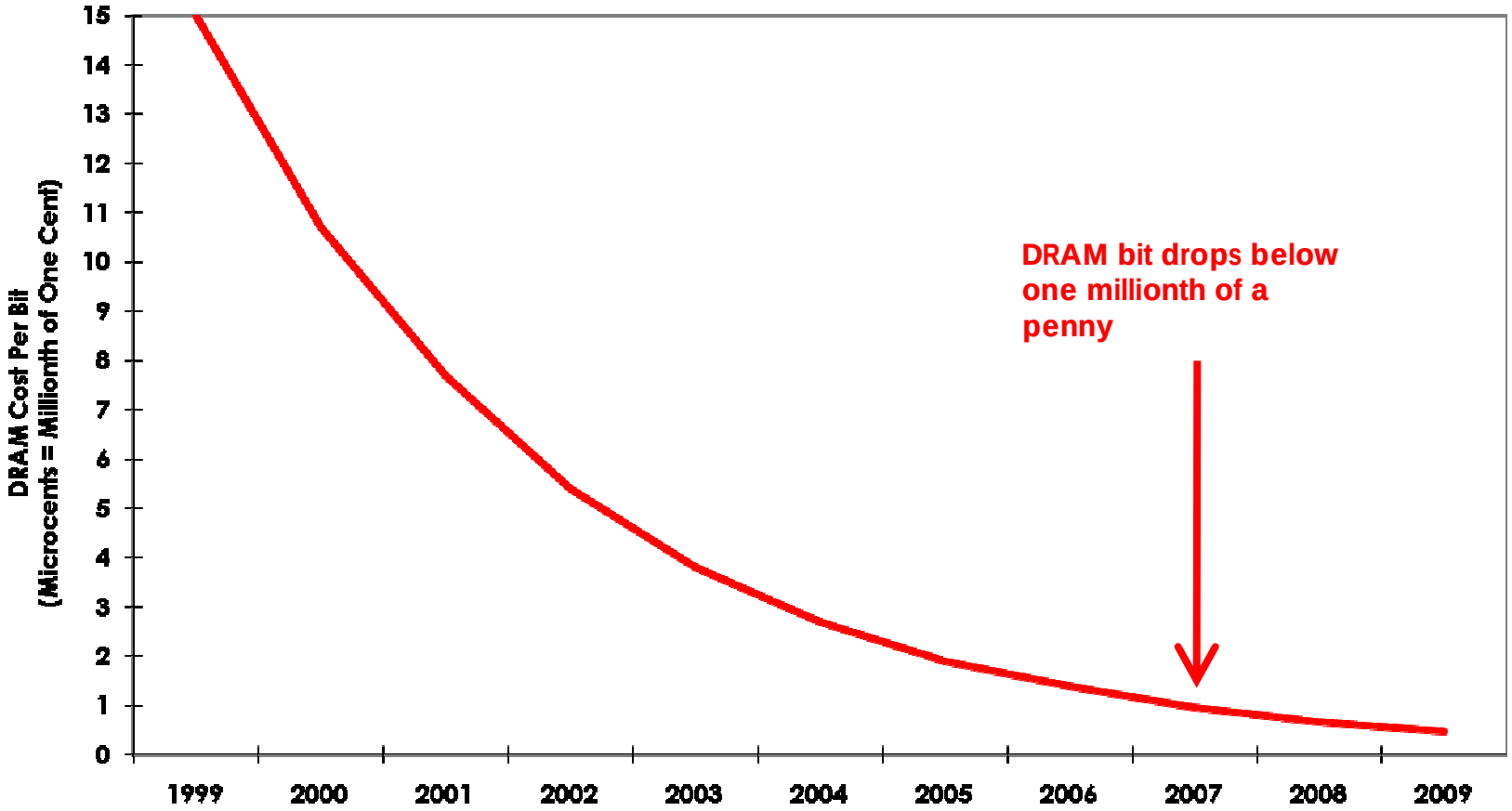
With Technology Advances, Memory Has Become Virtually "Free"



Source: SIA International Technology Roadmap for Semiconductors – 1999-2008
Website: http://public.itrs.net

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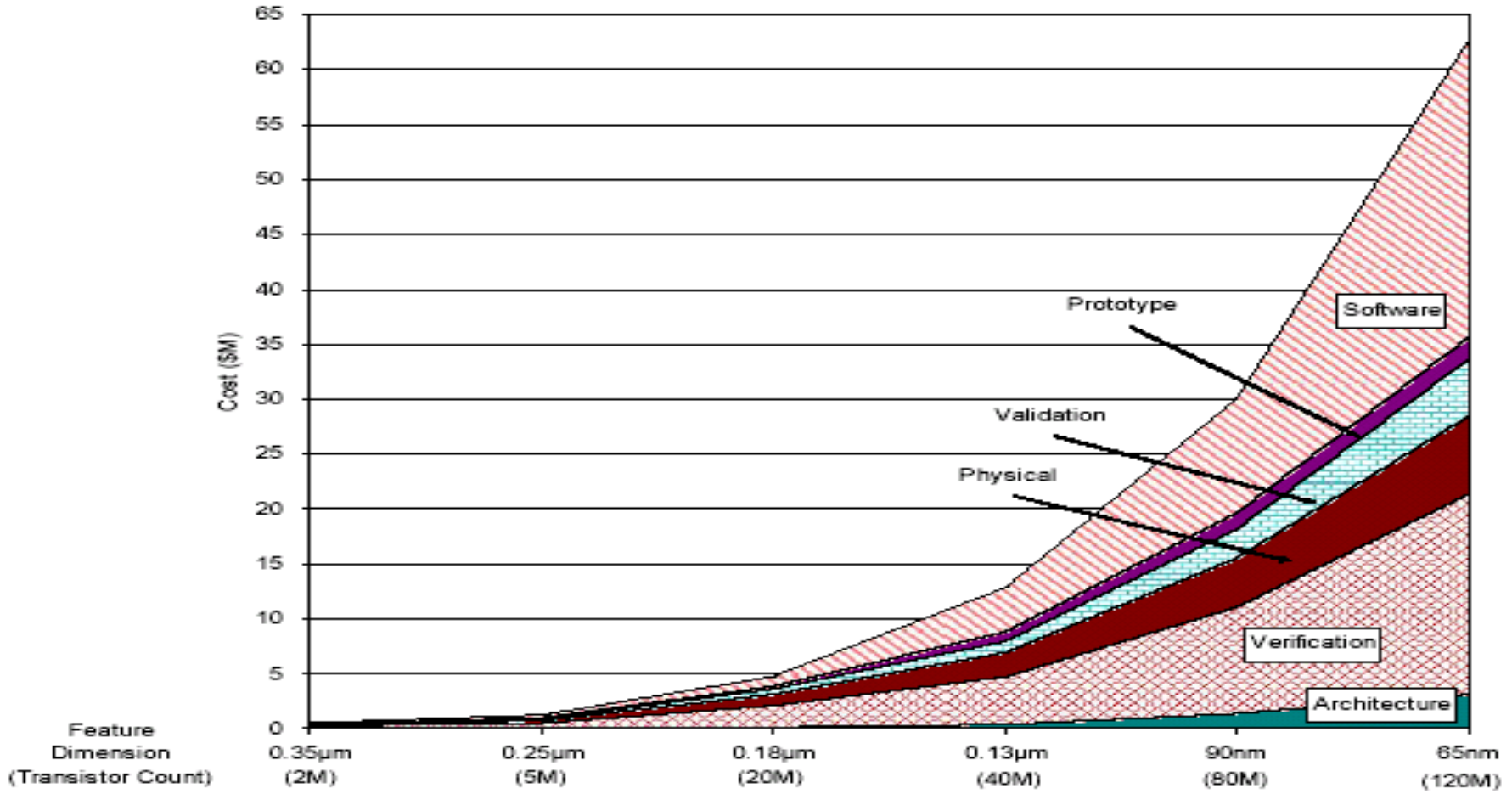
Source: iSuppli, WSTS

Design Costs Have Escalated Dramatically From The 250nm Technology Node To The 65nm Node



Source: IBS

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The Changing Business Models of the Semiconductor Industry

- Industry moving toward fabless and fab-lite business models
- Expanding role of foundries – more than manufacturing services
- Some companies embracing “More-than-Moore”
- Consumers driving demand for semiconductors
- More integration, increased functionality
- Emphasis on reducing cost-per-die

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Public Policy/Political Challenges

- A resurgence of protectionist sentiments
- Counterfeiting
- Energy and environmental issuese

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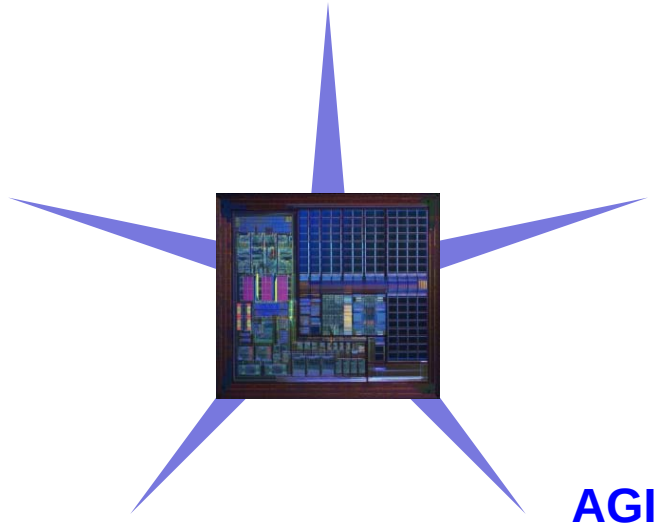
Semiconductors - Driving Innovation, Shaping The Future

EDUCATION

- Classroom computers
- Online learning
- Accessing information

ECONOMIC GROWTH

- Improving productivity
- Enabling innovation
- Reducing costs
- Slowing inflation



ENERGY SOLUTIONS

- Enabling alternate energy sources
- Reducing transmission losses
- Energy-efficient homes and vehicles
- Fuel-efficient transportation

HEALTH CARE

- Technology drives advances in medical science
- New tools improve health care:
- Diagnostic tools
- Robotic surgery
- Tools for minimally-invasive surgery
- IT lowers cost of delivery of health care

AGING POPULATIONS

- Fewer workers to support retired people
- Improved productivity is the solution

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