

SEMICONDUCTOR INDUSTRY



PRESIDIO PAY ADVISORS, INC.

PRESIDIO PAY ADVISORS EXECUTIVE COMPENSATION SURVEY

SUMMARY HIGHLIGHTS



SEMICONDUCTOR INDUSTRY SURVEY

Presidio Pay Advisors, Inc. is pleased to announce a new survey covering compensation practices in 112 companies in the Semiconductor Industry. The survey presents compensation levels for Fiscal Year 2006.

We have conducted a thorough examination of compensation practices and pay levels, extracting data from SEC filings as of July 31, 2007. Survey companies cover the Semiconductor Industry with data organized into industry sector and revenue categories. The table below shows the various data cuts provided in the survey, along with median characteristics for the companies in each cut. Custom data cuts are also available for purchase.

To purchase this and other industry compensation surveys, please visit: <http://www.presidiopay.com>.

Dollars In Millions

	Data Cut Category	Number of Companies	Median Full-Time Employees	Median Annual Revenue	Percent of Total
Industry Sector	Semiconductors	53	932	\$343.3	47.3%
	Communications Equipment	10	590	\$184.1	8.9%
	Electronic Equipment Manufacturers	12	12,500	\$1,990.3	10.7%
	Semiconductor Equipment	24	999	\$303.8	21.4%
	Computer Storage & Peripherals	13	1,358	\$360.4	11.6%
Annual Revenue	Less than \$125MM	28	228	\$68.1	25.0%
	\$125MM to \$350MM	26	617	\$237.4	23.2%
	\$350MM to \$600MM	21	1,183	\$459.2	18.8%
	\$600MM to \$1BB	11	2,700	\$740.6	9.8%
	Greater than \$1BB	26	11,046	\$2,692.9	23.2%
All Companies		112	1,058	\$365.4	100.0%



COMPENSATION TRENDS

Executive Compensation

Companies in the survey used a combination of cash and equity to compensate senior executives in all sectors and throughout the various revenue cuts.

- CEOs saw a 39% surge in the value of annual cash bonuses, partially fueled by an average year-over-year revenue growth of 45% and a near tripling of net income.
- However, Chief Executive Officers recognized only a moderate 6% increase in total direct compensation, primarily due to an 11% drop in the value of long-term incentive grants from prior years.
- Although base salaries did increase by nearly 9% from the prior year, there was substantial compression in the disparity between Chief Executive Officer salaries and the second highest paid executive, with the margin shrinking by nearly half.
- For all positions included in the survey, over 66% of total direct compensation was 'at-risk', provided either through annual cash bonuses or long-term incentive grants.

Equity Compensation

Executives continued to receive the majority of their total direct compensation in the form of long-term incentives.

- Stock options were still the predominant equity incentive vehicle with 67% of the CEOs receiving grants with a median present value of \$989.3 thousand in the most recent fiscal year.
- Restricted stock continued to grow in popularity with 33% of all survey companies granting restricted stock to CEOs compared to 14% in the prior year's survey.
- Over half of the companies with revenue greater than \$1 billion granted restricted stock to the CEO, with a median grant value of \$500 thousand.
- Median CEO ownership for all companies in the survey was 1.8% of total common shares compared to 3.0% for CEOs of companies with less than \$125 million in revenue and 0.5% for CEOs of companies with over \$1 billion in revenue.
- Compensation Committees approved long-term incentives grants equaling approximately 2.3% of average net income, or approximately \$3.4 million, to Chief Executive Officers for every 1% incremental appreciation in historical three year company stock price.



EXECUTIVE COMPENSATION

The Semiconductor Executive Compensation Survey presents a thorough analysis of compensation and ownership levels for nineteen (19) executive positions and includes:

- Annual Base Salary and Cash Incentives
- Total Cash Compensation
- Stock Options and Long-Term Equity Incentive Grants
- Individual Executive Beneficial Ownership
- Total Direct Compensation
- Pay Mix Percentages

The tables below present the position data available in the survey by revenue and industry cut.

Title	All Companies	Revenue Data Cuts				
		Less Than \$125MM	\$125MM to \$350MM	\$350MM to \$600MM	\$600MM to \$1BB	Greater Than \$1BB
Chairman of the Board	•					•
Chief Executive Officer	•	•	•	•	•	•
Chief Financial Officer	•	•	•	•	•	•
Chief Legal Officer	•	•	•	•		•
Chief Operating Officer	•	•	•	•	•	•
Chief Technology Officer	•	•	•	•	•	
Vice President, Engineering	•	•	•	•		
Vice President, Technology	•	•	•			
Vice President, Operations	•	•	•	•		•
Vice President, Manufacturing	•	•	•			•
Vice President, Sales & Marketing	•	•				•
Vice President, Marketing	•	•	•			
Vice President, Sales	•	•	•	•	•	•
Vice President, General Manager	•	•	•	•	•	•
Vice President, Business Unit	•	•	•	•	•	•
Vice President, Human Resources	•	•				•
Vice President, Finance	•	•		•		
Vice President, Business Development	•	•	•		•	
Vice President, General	•			•		•

Title	All Companies	Industry Data Cuts				
		Communications Equipment	Computer Storage & Peripherals	Electronic Equipment Manufacturers	Semiconductor Equipment	Semiconductors
Chairman of the Board	•					•
Chief Executive Officer	•	•	•	•	•	•
Chief Financial Officer	•	•	•	•	•	•
Chief Legal Officer	•	•		•	•	•
Chief Operating Officer	•	•	•		•	•
Chief Technology Officer	•		•		•	•
Vice President, Engineering	•	•			•	•
Vice President, Technology	•				•	•
Vice President, Operations	•		•	•	•	•
Vice President, Manufacturing	•				•	•
Vice President, Sales & Marketing	•					•
Vice President, Marketing	•					•
Vice President, Sales	•		•	•	•	•
Vice President, General Manager	•	•			•	•
Vice President, Business Unit	•		•	•	•	•
Vice President, Human Resources	•		•			•
Vice President, Finance	•				•	•
Vice President, Business Development	•	•				•
Vice President, General	•			•		•



EXECUTIVE COMPENSATION

Included in the Semiconductor Survey are over 567 competitive market data points that have been categorized by position, industry and company revenue.

Investors, Boards of Directors and company management can use this information to help determine competitive compensation and ownership levels, including typical:

- Equity Holdings by Position and Industry
- Base Salary Compensation
- Incentive Compensation

The table below presents an example of the data presentation in the survey for a Chief Operating Officer in the Semiconductor Industry.

SURVEY JOB TITLE: Chief Operating Officer							
INDUSTRY: Semiconductor							
DATA CUT: Revenue Greater Than \$1BB							
JOB DESCRIPTION							
The executive responsible for directing and administering the activities of the company in accordance with the objectives and strategy set by the Chief Executive Officer and Board of Directors. This executive also directs the organization to ensure the attainment of revenue and profit goals, and will also participate with the Chief Executive Officer in formulating current and long-range plans, objectives and policies. Oversees all the organization's functional areas except finance and certain administration functions.							
Data Category	Total Companies Reporting	n	25th Percentile	50th Percentile	60th Percentile	75th Percentile	Average
COMPANY DATA							
Reporting Company Data							
Fiscal Year End Revenue (\$Millions)	8	-	\$2,642.7	\$4,215.8	\$5,193.6	\$5,366.3	\$4,388.2
Employees at Fiscal Year End	8	-	5,623	12,500	17,900	23,750	18,033
CASH COMPENSATION							
Base Salary							
Annual Base Salary (\$000s)	8	8	\$462.3	\$558.9	\$595.3	\$649.3	\$572.1
Annual Cash Incentives							
Annual Cash Incentive - Receiving (\$000s)	8	8	\$506.0	\$633.9	\$806.1	\$1,536.3	\$1,118.5
Annual Cash Incentive (% of Annual Salary)	-	-	109.4%	113.4%	135.4%	236.6%	195.5%
Total Cash Compensation							
Total Cash Compensation - Receiving Annual Incentive (\$000s)	8	8	\$986.1	\$1,184.6	\$1,467.5	\$2,296.8	\$1,690.6
Total Cash Compensation - All (\$000s)	8	8	\$986.1	\$1,184.6	\$1,467.5	\$2,296.8	\$1,690.6
EQUITY COMPENSATION							
Annual Long-Term Incentive Grants							
Stock Option Grant Present Value - Receiving (\$000s)	6	6	\$706.0	\$1,323.7	\$1,662.0	\$2,079.4	\$1,418.4
Other Long-Term Incentives - Receiving (\$000s)	4	4	\$1,352.5	\$1,740.0	\$1,882.8	\$2,586.8	\$2,199.4
Total LTI Grant - Receiving (\$000s)	7	7	\$1,511.1	\$1,978.1	\$2,060.1	\$2,166.7	\$2,472.6
Beneficial Ownership							
Shares Owned (% of Total Common Shares Outstanding)	8	8	0.02%	0.03%	0.04%	0.08%	0.06%
Options Exercisable in 60 Days (% of Total Common Shares Outstanding)	8	8	0.17%	0.24%	0.29%	0.36%	0.30%
Total Beneficial Ownership (% of Total Common Shares Outstanding)	8	8	0.25%	0.29%	0.31%	0.43%	0.36%
TOTAL CASH AND EQUITY COMPENSATION							
Total Direct Compensation							
Total Direct Compensation - Receiving any LTI (\$000s)	8	8	\$2,701.8	\$3,497.5	\$3,606.4	\$3,860.6	\$3,854.1
Company Total Direct Compensation - All (\$000s)	8	8	\$2,701.8	\$3,497.5	\$3,606.4	\$3,860.6	\$3,854.1
PAY MIX							
Total Direct Compensation							
Annual Base Salary (% of Total Direct Compensation)	-	-	16.2%	17.3%	18.0%	18.7%	16.6%
Annual Cash Incentive (% of Total Direct Compensation)	-	-	17.5%	19.8%	22.2%	37.2%	30.9%
Total LTI Grant (% of Total Direct Compensation)	-	-	54.2%	62.0%	62.8%	67.9%	60.0%



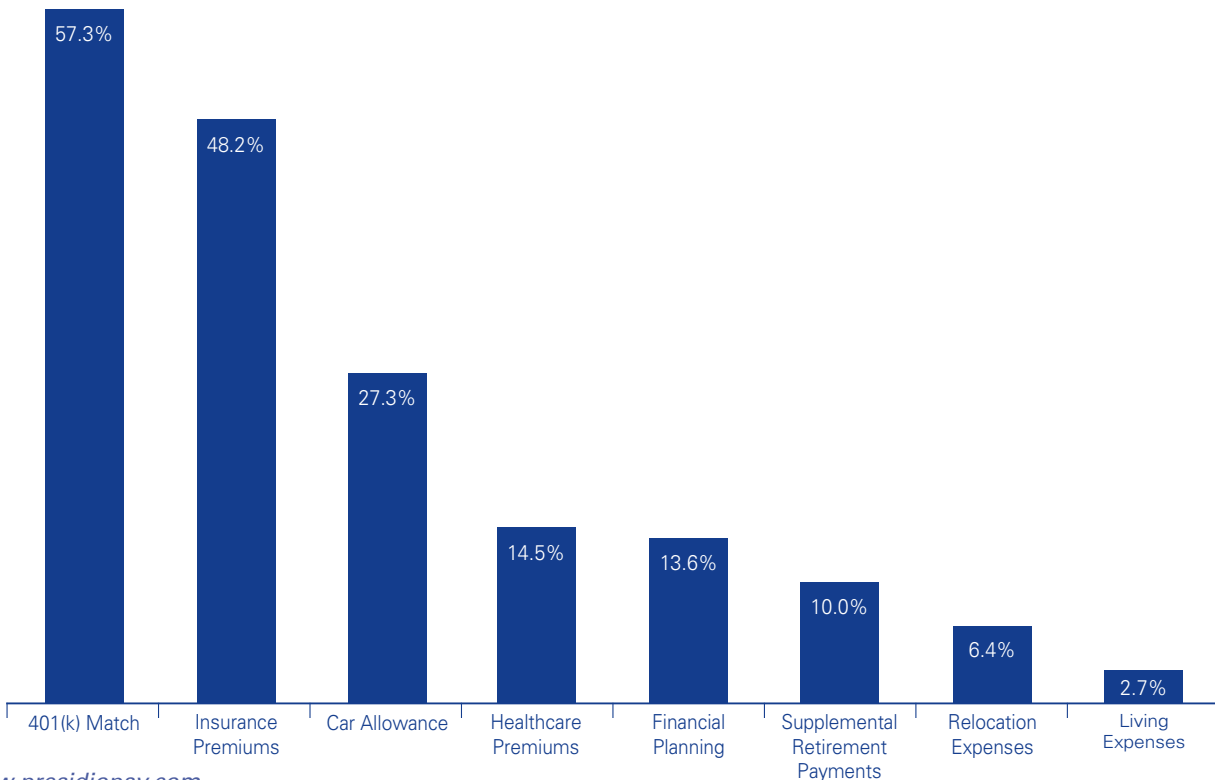
EXECUTIVE COMPENSATION

Pay mix defines what proportion of an executive’s total compensation package the company delivers in a guaranteed, fixed base salary and what proportion is “at risk” incentive compensation, with pay-out contingent on company and/or individual performance.

The pay mix table below presents each pay element as a percent of total direct compensation for: Base Salary, Annual Incentive and Long-Term Incentives granted to Chief Executive Officers. In addition, the Total Pay At Risk (Annual Incentive + Long-Term Incentive) is presented.

Data Cut	CEO Pay Element			Total Pay At Risk
	Base Salary	Annual Incentive	LTI	
Revenue Less Than \$125MM	48.2%	10.6%	41.2%	51.8%
Revenue \$125MM to \$350MM	26.8%	15.0%	58.1%	73.2%
Revenue \$350MM to \$600MM	21.3%	18.7%	60.1%	78.7%
Revenue \$600MM to \$1BB	18.1%	36.4%	45.5%	81.9%
Revenue Greater Than \$1BB	14.9%	19.9%	65.2%	85.1%
All Companies	23.2%	16.3%	59.5%	75.8%

The graph below presents perquisites commonly offered to Chief Executive Officers and the frequency at which each of the companies in the survey provided these perquisites.





SURVEY COMPANIES

A. O. Smith Corporation
Acacia Research Corporation
Advanced Energy Industries, Inc.
Advanced Micro Devices, Inc.
Aeroflex Incorporated
Agilent Technologies INC.
American Technology Ceramics Corp.
Ametek Inc.
AMIS Holdings, Inc.
Amphenol Corp.
Anadigics Inc.
Analog Devices Inc.
Applied Micro Circuits Corp.
Asyst Technologies Inc.
Atheros Communications, Inc.
ATMI, Inc.
Avici Systems Inc.
Axcelis Technologies, Inc.
AXT Inc
Bookham Inc.
Broadcom Corporation
Brocade Communications Systems Inc.
Brooks Automation, Inc.
California Micro Devices Corp.
Centillium Communications, Inc.
Ceva Inc.
Cirrus Logic, Inc.
Cohu, Inc.
Conexant Systems, Inc.
Cooper Industries, Ltd.
Corning Incorporated
Credence Systems Corp.
Cree, Inc.
Cymer, Inc.
Cypress Semiconductor Corporation
Diodes, Inc.
Ditech Networks Inc.
Electroglass, Inc.
Energys
Exar Corporation
Fairchild Semiconductor International, Inc.
FEI Company
FSI International
Genesis Microchip Inc.
hi/fn, inc.
Hypercom Corporation
Ibis Technology Corp.
Imation Corp
Innovex Inc.
Integrated Silicon Solutions
Intel Corp.
Interdigital Communications
Intersil Corporation
Iomega Corporation
IXYS Corp
Kulicke & Soffa Industries, Inc.
Logicvision Inc.
LSI Logic Corp
LTX Corp.
Mattson Technology Inc
MEMC Electronic Materials Inc.
Micrel, Inc.
Microchip Technology Incorporated
Micron Technology, Inc.
Microsemi Corporation
Microtune, Inc.
Mindspeed Technologies, Inc.
Monolithic System Technology
Nanometrics Inc.
National Semiconductor Corporation
Netgear Inc.
Netlist Inc.
Network Appliance Inc.
NVIDIA Corp.
OmniVision Technologies Inc.
ON Semiconductor
Oplink Communications Inc.
Overland Storage Inc.
Pericom Semiconductor Corporation
Photronics, Inc.
Pixelworks, Inc.
PMC-Sierra, Inc.
Polycom Inc.
Qlogic Corporation
QuickLogic Corp
Rackable Systems, Inc.
RF Micro Devices, Inc.
Rimage Corporation
Rudolph Technologies
SanDisk Corp.
Seagate Technology
Semitool Inc.
Semtech Corp.
Sigma Designs, Inc.
Silicon Image, Inc.
Silicon Laboratories Inc.
SimpleTech, Inc.
Sirenza Microdevices, Inc.
Skyworks Solutions, Inc.
Soletron Corp.
Standard Microsystems Corporation
Supertex, Inc.
Texas Instruments Inc.
TranSwitch Corp
Triquint Semiconductor, Inc.
Ultratech, Inc.
Varian Semiconductor Equipment
Vishay Intertechnology
White Electronic Designs Corp.
WJ Communications Inc.
ZiLOG, Inc.
Zoran Corp.



ABOUT PRESIDIO PAY ADVISORS

Presidio Pay Advisors provides companies with thoughtful, independent, strategic advice and support on a wide range of compensation issues. Our collective expertise is comprehensive, encompassing the diverse array of human resources, finance, accounting, regulatory, and shareholder perspectives.

We assist with the competitive assessment, design, implementation and communication of:

- Total Compensation Strategy
- Annual Cash Incentives
- Long-Term Equity and Cash Incentives
- Employee Agreements
- Severance and Change-In-Control Arrangements

If you have questions regarding our surveys or would like to speak with a consultant, please call us at (415) 438-3400.

Please visit our website at www.presidiopay.com where our industry compensation surveys and our annual IPO survey are available for purchase.

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