

U.S. Companies Forecast to Hold Lead in IC Sales Through 2009

Japanese companies' share forecast to drop below 20 percent in 2005!

Scottsdale, Arizona – July 14, 2005 – U.S.-headquartered companies are expected to account for 46 percent of worldwide IC sales in 2005 compared to only 19 percent by Japan-headquartered companies. Figure 1 shows a breakdown of worldwide IC sales by company origin from 1982 through 2009 for U.S., Japanese, and European IC companies. It should be noted that IC sales in this analysis include foundry sales. As shown, U.S.-headquartered companies, led by Intel, are forecast to continue to hold the highest share of worldwide IC sales through 2009.

**Worldwide IC Sales by Company Headquarters Location
 (U.S., Japan, and Europe)**

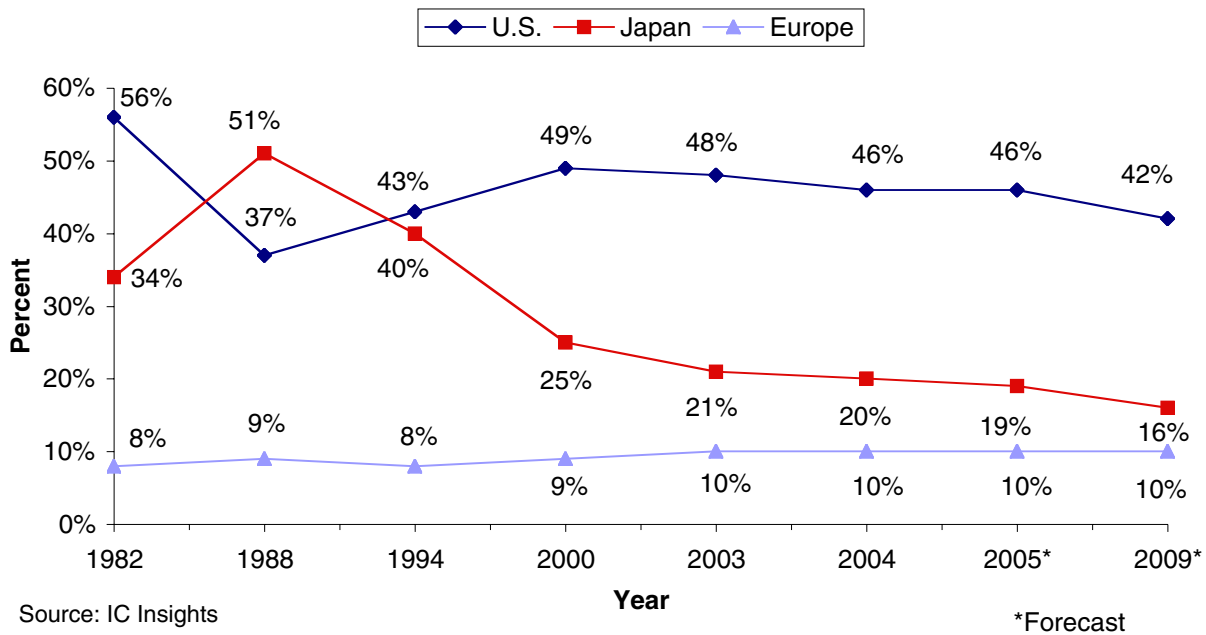


Figure 1

U.S.-headquartered companies held the largest share of total worldwide IC sales in 1982, but their share declined through 1988. The share lost by U.S. companies between 1982 and 1988 was gained by Japanese vendors, which invested heavily in manufacturing capacity during that time. However, since peaking at 51 percent in 1988, the Japan-headquartered companies' share of IC sales severely declined since then! This sharp decline was due to a

combination of weakness in Japan's economy and greater competition in the memory market from companies in other countries of the Asia-Pacific region.

It is interesting to note the consistency of the Europe-headquartered IC companies' share of IC sales, which has resided between 8-10 percent since 1982. Currently, there are only three major European IC companies remaining (ST, Infineon, and Philips), the rest being much smaller in size.

In 1982, Asia-Pacific (i.e., Other) companies' share of IC sales was only 2 percent. As shown in Figure 2, the "Other" companies' share more than doubled from 9 percent in 1994 to just less than one-quarter (24 percent) in 2004. With IC production by Asia-Pacific foundries expected to dramatically increase over the next few years, IC Insights believes that the "Other" IC marketshare will reach almost a one-third share (32 percent) in 2009.

In 2004, Taiwan-headquartered companies held the third largest share of IC sales (11 percent) behind the U.S. and Japanese companies. IC Insights forecasts that the Taiwan-headquartered companies will gain an additional two points of share by 2009.

Although China-headquartered IC producers are expected to grow very rapidly over the next five years, IC Insights forecasts that their share of IC sales will still be less than 5 percent in 2009. While IC consumption in China is forecast to be \$84.4 billion in 2009 (up from \$31.0 billion in 2004), China's indigenous IC producers' IC sales in 2009 are forecast to be only \$10 billion (up from \$2.3 billion in 2004).

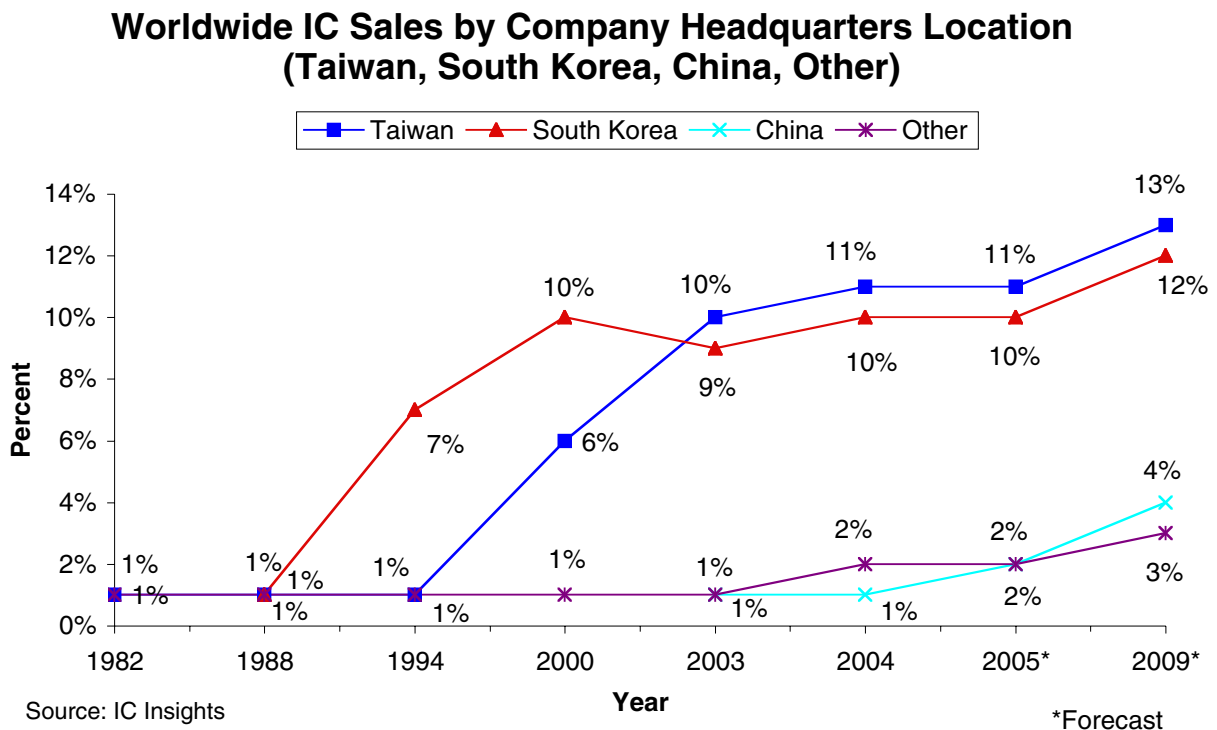


Figure 2

About IC Insights

IC Insights, Inc., based in Scottsdale, Arizona, is dedicated to providing high-quality, cost-effective market research for the integrated circuit industry. Founded in 1997, IC Insights offers coverage of global economic trends, IC market forecasts, capital spending and fab capacity trends, product market details, and technology trends, as well as complete IC company profiles and evaluations of emerging markets for ICs. For more information, contact 480-348-1133 or info@icinsights.com, or visit www.icinsights.com.