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Optoelectronics Sales Will Barely Top Discrete Semiconductors in 2006

Recovery in discretet market provides a lift but not enough to pass the peak of 2000

Scottsdale, Arizona --- October 26, 2006 --- Optoelectronics and discrete semiconductor sales both strengthened in the first nine months of 2006, while the high-flying sensor/actuator market segment lost a little momentum because of price erosion despite strong gains in unit-volume shipments so far this year. IC Insights now expects optoelectronics revenues to grow 13% to a record-high \$16.8 billion in 2006. This total will edge out discrete semiconductor sales, which are forecast to rise 8% to \$16.5 billion this year.

As expected, 2006 is on track to become the first year in history when optoelectronics surpasses the size of the discretet market on an annual basis. In a recent update of the market forecast in IC Insights' *2006 Optoelectronics, Sensor, and Discrete (O-S-D) Report*, the projected 2006 gap between optoelectronics and discrete sales has been narrowed to just \$300 million for the entire year.

Strong dollar growth in power transistors has helped the discretet market segment to stage a substantial recovery in 2006 after declining 3% in 2005. However, it will still take another year before the discretet segment exceeds its \$16.9 billion record high set in 2000, according to IC Insights' outlook. Discrete semiconductor sales are now expected to grow 5% to \$17.4 billion in 2007.

The sensor and actuator segment is forecast to grow 21% to a record-high \$5.5 billion in 2006 compared to \$4.5 billion in 2005. Earlier this year, IC Insights' O-S-D forecast called for a 26% increase in sensor/actuator sales this year. Unit shipments in this segment are expected climb 21% in 2006, but flat average selling prices (ASPs) have lowered dollar growth this year. About 80% of semiconductor sensors and nearly all actuator devices employ micro-electromechanical

systems (MEMS) technologies. These MEMS-based products include pressure sensors, accelerometers, gyroscope devices, and micro-mirror semiconductors.

In optoelectronics, sales are being driven higher by strong growth in image sensors, which are used in digital cameras and camera cell phones, as well as transmission laser devices used in high-speed optical networks. IC Insights expects image sensor revenues to increase 18% to nearly \$7.5 billion in 2006, with about 60% of the sales coming from CMOS image sensors. By 2010, the optoelectronics market is expected to reach \$29.1 billion, compared to \$19.8 billion for discrete semiconductors and \$11.4 billion for solid-state sensor/actuator devices, based on IC Insights' forecast.

The *O-S-D Report* expands IC Insights' coverage of the semiconductor industry with detailed analysis of trends and growth rates in the optoelectronics, sensor/actuator, and discrete market segments. The 2006 report is available for \$1,990 in either a three-ring binder or CD-ROM format. Additional individual copies of the CD-ROM or binder sell for \$495 each. The report is also available under a multi-user corporate license for \$5,290. Special discount rates for the *O-S-D Report* are available to current subscribers to IC Insights' *McClean Report*, which provides an in-depth analysis of the IC portion of the semiconductor industry. The second full edition of the *O-S-D Report* is now scheduled for release in early 2007.

About IC Insights

IC Insights, Inc., based in Scottsdale, Arizona USA, is dedicated to providing high-quality, cost-effective market research for the semiconductor industry. Founded in 1997, IC Insights offers coverage of global economic trends, the semiconductor market forecast, capital spending and fab capacity trends, product market details, and technology trends, as well as complete IC company profiles and evaluations of end-use applications driving demand for ICs. For more information, contact +1-480-348-1133 or info@icinsights.com, or visit www.icinsights.com.