

EDAC 2005 CEO Forecast Panel

Jim Douglas

President & CEO

ReShape, Inc.

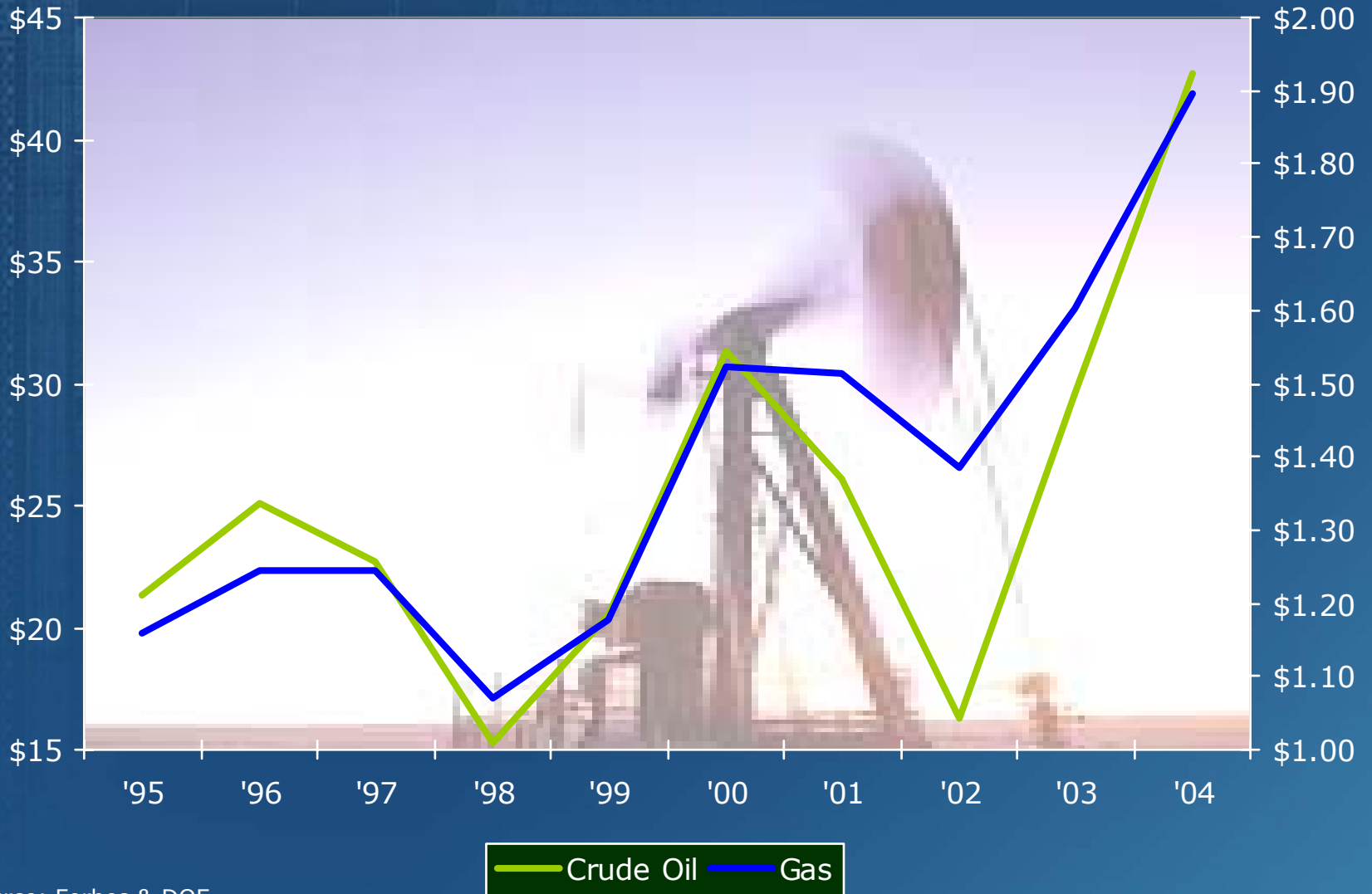
What's Driving the Semiconductor Business?

50% of semiconductors sold go into consumer purchased goods

2006 International CES
January 5-8, 2006, Las Vegas, NV

audio on 

What Drives Consumers?



Source: Forbes & DOE

What Drives Consumers?



Source: Bureau of Labor & Statistics

What Drives Consumers?



End of the Cycle?



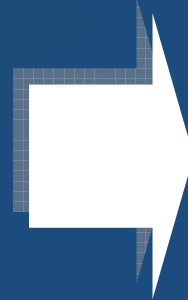
Source: SIA

The Kablanian Theorem

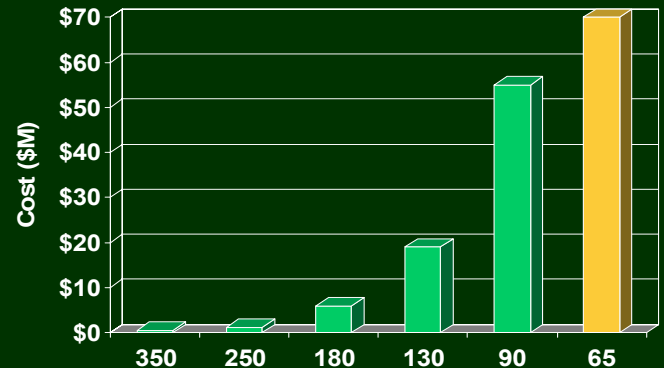
“It’s one thing to build a really big airplane. It’s quite another to find a place for it to land¹”



“Just four U.S. airports are formally working on plans to accept the new plane for passengers¹”



It’s one thing to build a 65 nanometer chip. It’s quite another to find a \$500m+ revenue product²

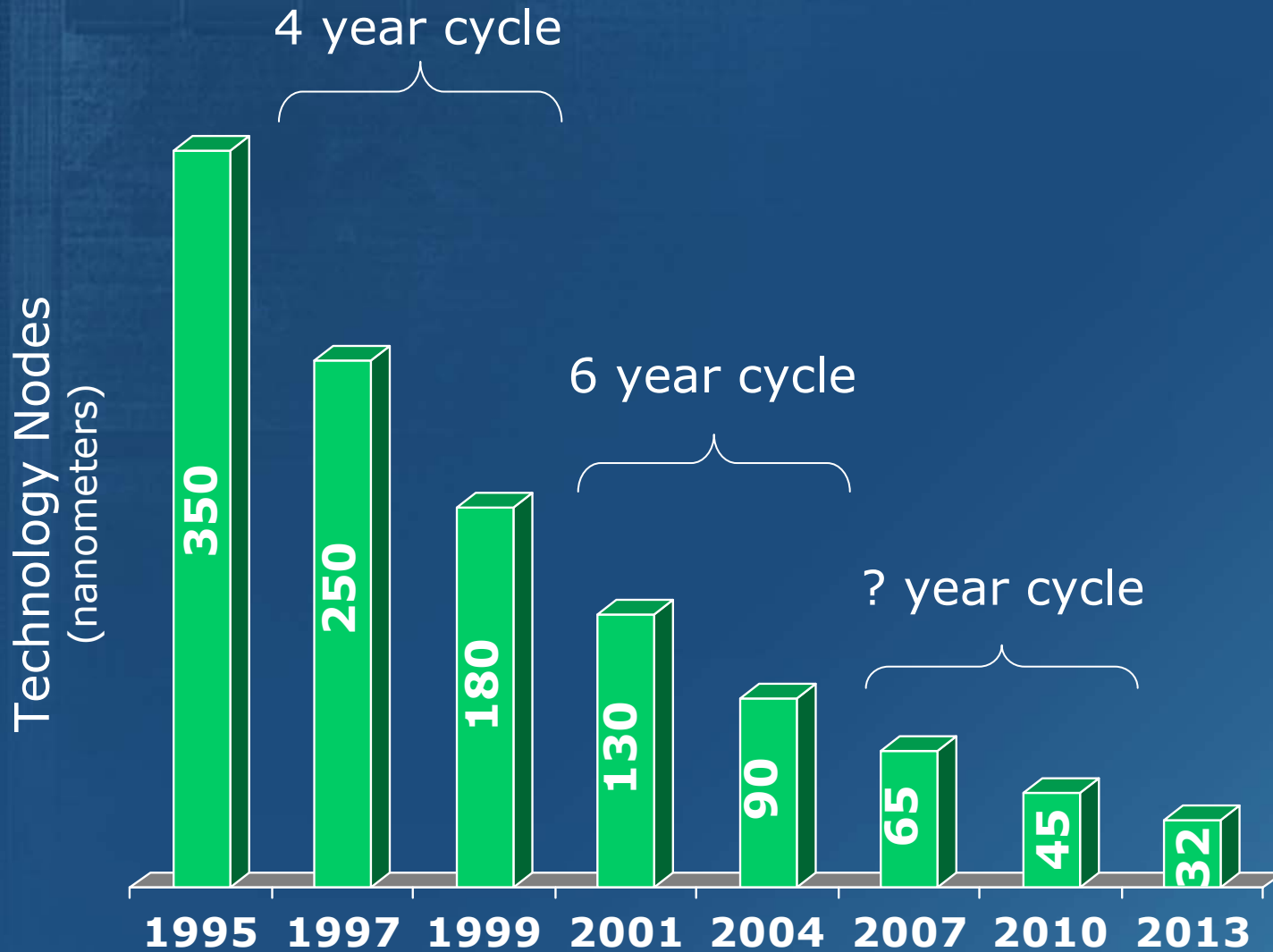


Currently, only two or three applications will merit the investment in 65 nanometers.

¹Allison Linn, Associated Press

²IBS

Retooling Every Other Node



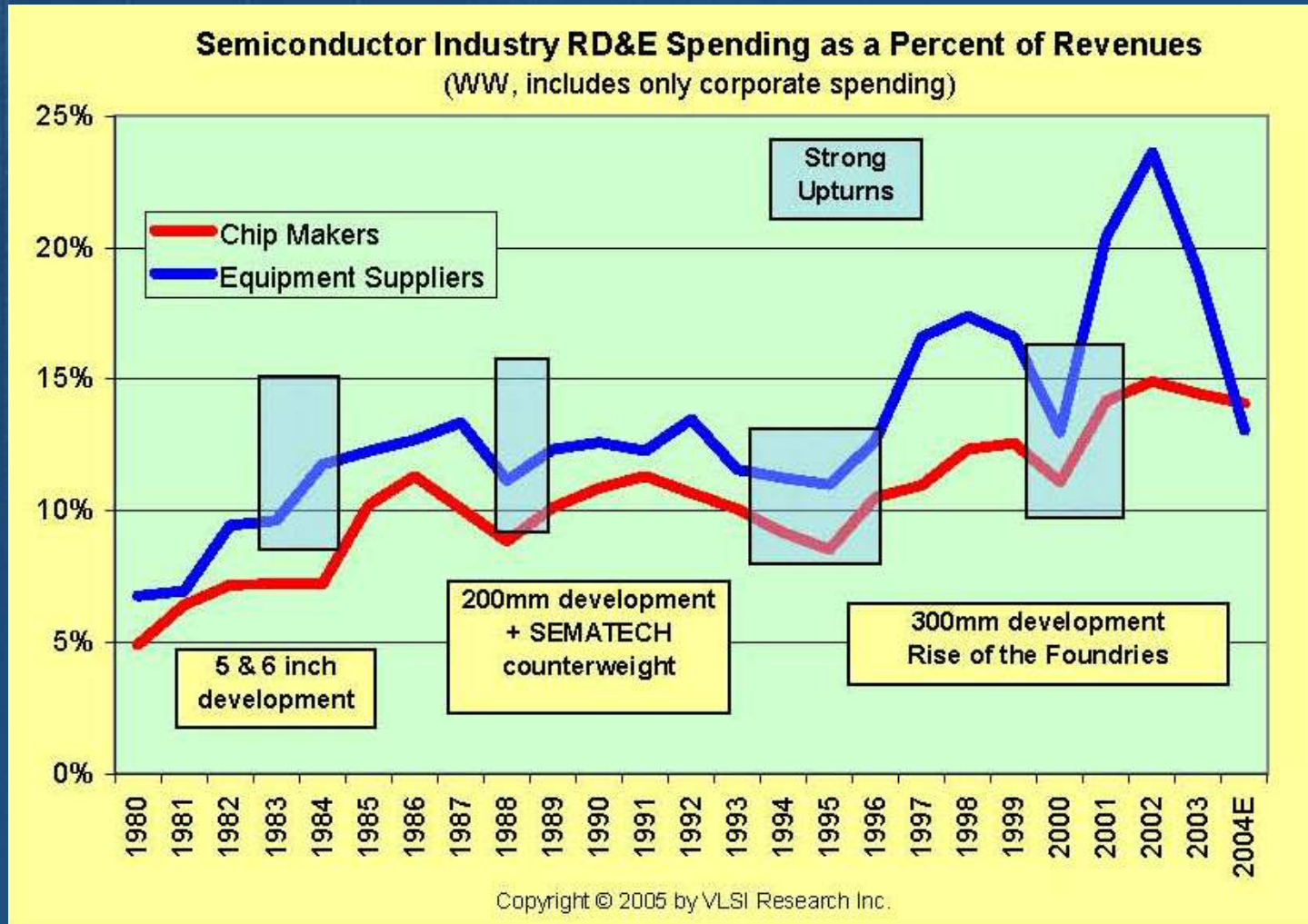
ROI Too Low to Justify Spending

Total WW Semiconductor Industry RD&E Spending
(in \$B, includes only corporate spending)



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R&D Pushed Back on Chip Makers

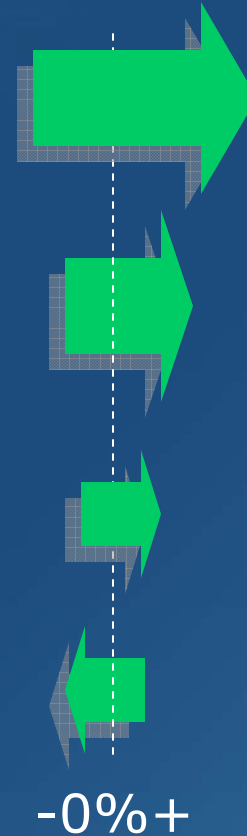


Aggregate R&D Spending of “Big 3”

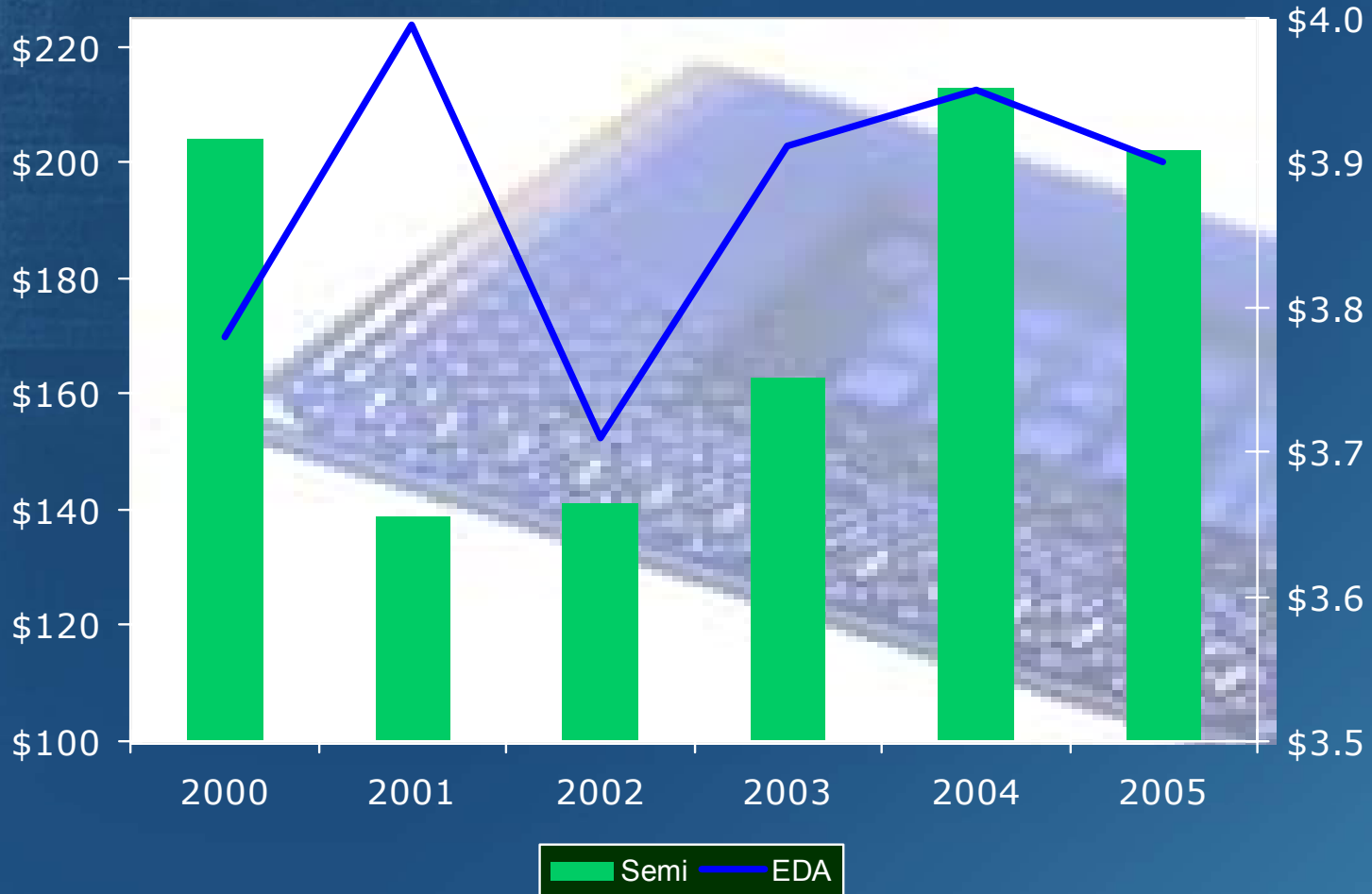


Growth / Profit Drivers

- Abstraction Level
- Business Model
- Niche Applications
- Core Applications



Industry Forecast



Source: SIA & EDAC



ReShape