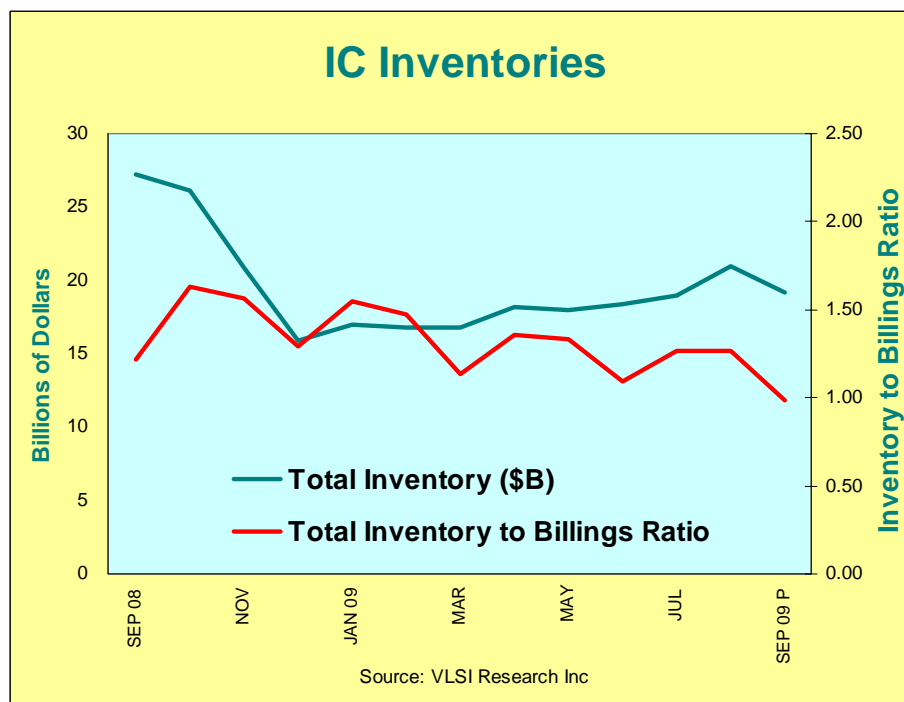


VLSI Research Inc Predicts 2010 will be a Great Year for Chipmakers

Santa Clara, CA – November 10, 2009: All major semiconductor makers have reported better than expected results in recent weeks. Risto Puhakka, a senior analyst with VLSI Research Inc. is not surprised: “even memory suppliers are using the “P” word. They were either already profitable in the third quarter or are expecting to be profitable in the fourth quarter.” The great capex famine that started in 2008 has done wonders for chip pricing. Low capital expenditures aged fabs faster. Inventories quickly burned off. Since then inventories have been very low, resulting in chip shortages in 3Q09 as seen by increasing lead-time push-outs, as noted in recent reports from companies such as Nokia.

While some have reported high inventories, which have risen for much of the year, VLSI recently reported in *The Chip Insider*[®], that they are actually low by historical standard, pointing to the Inventory to Billing Ratio as the correct measure of inventories. VLSI's preliminary data for September's inventories equaled only one month of IC billings. VLSI's G. Dan Hutcheson says, “the I:B ratio is very low compared to data stretching well back into the early eighties.” When asked about the rise in inventories, he said, “It's not surprising to see inventories rise since the semiconductor industry normally moves into the critical Christmas production ramp in the summer months. The reported chip shortages tell you there's not enough inventory in the supply chain for the fourth quarter.”

Hutcheson says low capex last year resulted in a diminishing production capacity base which led to high utilization rates recently, as chip makers tried to catch up with a turnaround in end demand, which actually started last January. It took some time for industry executives to be convinced it wasn't just a bump. So, lower capacity combined with low inventories is likely to continue to keep chip prices high, which will make for a very good year for chipmakers in 2010.



About VLSI Research Inc

VLSI Research Inc is the leading provider of market research and economic analysis on the technical, business, and economic aspects within nanotechnology and related industries. The company is known for its unparalleled accuracy, innovation in market research, and its sharply focused insight into the rapidly changing landscape of the industries covered. Its databases on manufacturing are used throughout the industry, and by government. VLSI Research's primary databases and reports cover the semiconductor, flat panel display, PV cell and module manufacturing industries, and the market for critical subsystems and components within these and associated high technology industries. VLSI Research was founded in 1976.

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