

FOR IMMEDIATE RELEASE

For more information:
Semiconductor Industry Association
John Greenagel
408-436-6600
mailbox@sia-online.org

SIA says Consensus Should Lead to Action

- 109th Congress Must Extend and Enhance R&D Tax Credit-

San Jose, CA – December 5, 2006 – The Semiconductor Industry Association (SIA) today called upon the House and Senate to take action immediately on extending and enhancing the R&D tax credit; calling it an issue of vital importance to the U.S. technology sector.

“Consensus should lead to action,” said SIA President George Scalise. “Both President Bush and Leader Pelosi have expressed their strong support for strengthening the innovation capabilities of the U.S. technology sector. Yet, no significant legislation has been approved in the three areas of utmost importance -- increasing funding for basic research, enacting visa reforms that welcome talent from abroad, and extending and enhancing the R&D tax credit. The current session offers a unique opportunity for members of both parties to demonstrate that they can work together on issues that are important to our nation.”

The Congress will be meeting for a short, “Lame Duck” session during the week of December 4, the last legislative week of the year.

Richard K. Templeton, CEO of Texas Instruments and SIA’s Chairman, said, “Congress needs to act this year to extend and expand the R&D tax credit. For more than two decades, this credit has moved countless companies to invest in R&D and continue to fuel innovation in this country.”

He continued, “Research is critical to improving lives, creating jobs and driving the development of new industries. It is a modest, but effective way to keep American companies investing in America and promoting a stronger economy.”

The R&D Tax Credit expired at the end of 2005. While it was part of four separate bills considered by Congress during 2006 – and enjoyed broad bipartisan support – it has yet to be renewed. Since it was first enacted in 1981, it has been a means for the U.S. government to encourage businesses to invest in research and development in the U.S. America's trading partners around the globe have recognized the long-term value of R&D and have moved aggressively to implement generous tax policies to encourage these investments. The U.S. has not.

A number of semiconductor industry CEOs also voiced support for reinstating and making permanent the R&D tax credit.

John Daane, president and CEO of Altera Corporation, said "The R&D tax credit not only helps retain a vibrant and competitive technology base in the U.S., but also has a significant impact on our economy. It is imperative that Congress acts promptly to reinstate the research credit and to make it permanent."

Steve Appleton, chairman, CEO and president of Micron Technology, Inc., said "Politics should not interfere with extending and enhancing the R&D tax credit given its broad, bipartisan support. In order to help maintain America's technological leadership, Congress needs to send an enhanced R&D tax credit to the President for his signature."

"With such a broad range of support from Republicans and Democrats, extension and enhancement of the R&D tax credit should be addressed immediately to avoid a tax on innovation," stated SEMI North America President Victoria Hadfield. "It's time for Congress to reaffirm its support of American competitiveness and innovation by enacting a seamless extension." SEMI represents over 700 U.S. companies in the \$65 billion worldwide semiconductor equipment and materials industries.

"Other foreign countries are actively considering significant enhancements to their R&D tax credit systems in an effort to attract R&D investment overseas. Reinstating and enhancing the domestic R&D tax credit would go a long way to counter this threat and we strongly support swift action on the issue," said Rich Beyer, CEO of Intersil Corporation.

About the SIA

The SIA is the leading voice for the semiconductor industry and has represented U.S. semiconductor companies since 1977. Collectively, the chip industry employs a domestic workforce of 255,000 people. More information about the SIA can be found at www.sia-online.org.