

SEMI DISAPPOINTED WITH R&D TAX CREDIT EXPIRATION

Congress Fails to Extend R&D Tax Credit

WASHINGTON, DC. – December 23, 2005 – SEMI has expressed its disappointment with the failure of the U.S. Congress to extend the Research & Experimentation Tax Credit (R&D tax credit).

The first session of the 109th Congress has officially adjourned for 2005 without approving a one-year extension to the R&D tax credit. The credit expires December 31, 2005 and this will be the twelfth time it has lapsed.

“The R&D tax credit is vital to American innovation,” said Victoria D. Hadfield, president of SEMI North America, “and to allow it to expire is a blow to our member companies’ ability to invest in R&D. Because of this lapse, current R&D projects will become more expensive. The estimated cost for future R&D projects will become more expensive as well, making it more difficult for companies to make these investments in the United States. This is unfortunate at a time when we are facing strong global competition. We should be doing more.”

Hadfield continued, "SEMI urges the Congress to enact a permanent R&D tax credit to end this damaging cycle and to promote innovation in the United States. At a minimum, Congress must pass a retroactive extension to the R&D tax credit as soon as they reconvene in 2006."

SEMI is a global industry association serving companies that provide equipment, materials and services used to manufacture semiconductors, displays, nano-scaled structures, micro-electromechanical systems (MEMS) and related technologies. SEMI maintains offices in Austin, Beijing, Brussels, Hsinchu, Moscow, San Jose (Calif.), Seoul, Shanghai, Singapore, Tokyo and Washington, D.C. For more information, visit www.semi.org.

ASSOCIATION CONTACTS:

Scott Smith/SEMI

Tel: 1.408.943.7957

E-mail: ssmith@semi.org

Ken Schramko/SEMI

Tel: 1.202.289.0440

E-mail: kschramko@semi.org