



FTR THE FINAL TEST REPORT



Vol. 22 No. 06

June 2011

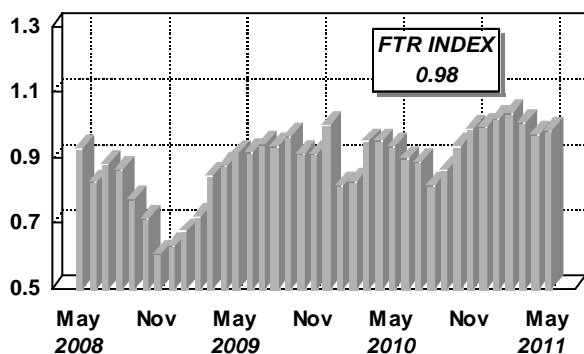
After Aborted Merger LTX-C Prospers as Verigy Struggles

Late last month both Verigy and LTX-Credence reported financial results for their latest fiscal quarters. It was less than six months ago that it was a 'given' these two companies would have merged and would be reporting as a single company by this time. They had announced that they had signed an agreement on November 18, 2010 to merge into one company to be called Verigy. The two companies also announced that Verigy president/COO, Jorge Titinger, and LTX-Credence president/CEO, David Tacelli, would serve as co-CEOs of the new company, which would be headquartered in Singapore with its U.S. headquarters in Cupertino, CA. It also said that Verigy chairman/CEO, Keith Barnes, would become the chairman of the board of directors, which would be comprised of 12 members, seven designated by Verigy and five by LTX-Credence. The companies also announced a preliminary plan for the combined companies' product lineup.

They said that LTX-Credence shareholders would receive a fixed exchange ratio of 0.96 shares of Verigy stock for each share of LTX-Credence stock. Upon closing, Verigy would issue approximately 49 million shares to complete the transaction. As a result Verigy and LTX-Credence shareholders would own approximately 56 percent and 44 percent, respectively, of the combined company.

Then, on December 6, 2010, Verigy announced that Advantest had made an unsolicited bid to acquire it for \$12.15/share in cash.

Continued on page 2



FTR's index of ATE, chipmakers, and PC makers vs. the Dow-30, rose slightly in May as chip-related shares continued to gain investor interest.

Barnes said that "Our two companies share a legacy of innovation in solutions that meet customers' needs. We expect the combination to strengthen our global presence, realize significant synergies and provide substantial benefits to our customers, shareholders and employees."

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That deal was worth \$735 million. Verigy said, its board "has reviewed the Advantest proposal and determined that it is not superior to Verigy's pending transaction with LTX-Credence. "However, the Verigy board believes the Advantest proposal might lead to a superior transaction so it has determined to engage in discussions with Advantest."

In mid-December 2010 Advantest raised its bid for Verigy to \$15.00/share (its IPO price October 31, 2006, when it was spun-out of Agilent.), That made the deal worth about \$1.1 billion and Advantest added, "the price was its "final offer!"

LTX-Credence's response was, "We believe that any proposal for Advantest to acquire Verigy would likely receive extensive regulatory reviews given the significant customer and product overlap which could lead to potential closing risk, or risk of restrictions in several countries." It added that, "a merger between LTX-Credence and Verigy can be expected to close much sooner than any potential acquisition of Verigy by Advantest." To date it appears to have been correct in its analysis.

However, on March 27, 2011 Verigy announced that its merger agreement with LTX-Credence had been terminated and it had paid LTX-Credence a termination payment of \$15.0 million, as it had signed an agreement to be acquired by Advantest for \$15.00/share.

In its financial report in late April for its fiscal year ended March 31, 2011, Advantest said only that, "With regard to the Verigy acquisition, "We no new information to offer. The definitive agreement of March 28, 2011 for a business combination of Advantest and Verigy is still pending regulatory approval." It added, "Other closing condition, and conditions pertaining to the acquisition and future merger of the two companies, have not yet been satisfied. No expected closing date has currently been announced. Further announcements will follow any developments.

In its press release on May 23, 2011- announcing its financial results for its second quarter ended April 30, 2011 - Verigy president/CEO, Jorge Titingier, noted that the company would not hold an analyst call, nor would it provide any guidance for the present quarter, "due to the pending acquisition of the company by Advantest. We continue to believe that the Advantest transaction will be beneficial to our customers, employees and shareholders. Advantest and Verigy have both complied with the Department of Justice's second request and are actively working to facilitate its review of the transaction.

We filed the definitive proxy statement with the SEC on May 20, 2011, and will hold our shareholder meeting on June 17 to approve the transaction. Once all of the closing conditions are satisfied, including shareholder approval and regulatory clearance, we intend to close the transaction as quickly as possible."

However, in the meantime Verigy continues to struggle financially while LTX-Credence appears to be prospering.

Verigy reported revenue for its second quarter ended April 30, 2011 of \$112 million, a decrease of \$8 million, or 7 percent, from the \$120 million reported in both the prior quarter and for the same quarter a year ago. Its loss for the quarter was \$40 million or \$0.66/share, compared to a loss of \$5 million, or \$0.08/share in the previous quarter, and a loss of \$1 million or (\$0.02) per share in the same period a year ago. Its orders did grow approximately 30 percent sequentially to \$127 million in the second quarter, resulting in a book-to-bill ratio of 1.13.

It noted that its second quarter results included about \$36 million of charges associated with the its transaction-related costs, incremental excess and obsolete inventory charges and restructuring actions. After excluding these items, Verigy reported a non-GAAP net loss of \$4 million, or \$0.06/share, including \$3.7 million of share-based compensation expense.

Industry analysts had expected estimated mean non-GAAP earnings of \$0.02. Analysts' estimates ranged between \$0 and \$0.06/share.

"While the second quarter's results were slightly below our guidance, we have not experienced any significant impact to our supply chain from the tragedy in Japan, and our strong order growth was driven by continued momentum in our RF and HSM products," said Jorge Titingier,

Two days later, LTX-Credence reported that its revenues for its third fiscal quarter, ended April 30, 2011 were \$58.665 million, up 12 percent from the prior quarter sales of \$52,549 million. About 70 percent of revenue came from IDMs while 30 percent came from subcontract test and fabless companies. It said that about 81 percent of revenue was for product while 19 percent was for service. For the quarter, it reported that five customers had each represented greater than 10 percent of revenue during the quarter.

Its net for the quarter was \$23.621 million, or \$0.47/share on a GAAP basis. Excluding the \$15 million merger-related break-up fee, \$1.9 million of merger-related expenses, \$248,000 of restructuring expense and \$1.49 million amortization of purchased intangible assets, its net for the quarter was \$12.259 million, or \$0.24/share on a non-GAAP basis.

For its fiscal fourth quarter ending July 31, 2011, LTX-Credence said revenue is expected to be in the range of \$63 million to \$67 million. Non-GAAP income is expected to be in the range of \$0.25 to \$0.29/share, The non-GAAP net income guidance excludes amortization of purchased intangible assets of approximately \$1.5 million.

Dave Tacelli, LTX-Credence's CEO/president, commented, "Our goal for the company is to increase our market share by 50 percent over the next three years. This growth would drive an additional \$100 million in annual revenue for the company, and potentially would generate over \$50 million in net income."

IN FTR'S OPINION

Is Solar an Opportunity for Displaced Chip TAP Engineers?

The seemingly unending consolidation of the semiconductor test industry over the past few years has left a lot of chip test professionals needing to find new positions. However, few of the surviving tester and tester support vendors have been doing much hiring. As a result they have had no choice but to look for jobs in other - hopefully related - industries.



Among the obvious is the Photovoltaic (PV) industry which has been growing quickly - in most cases because of government subsidies. Although the PV industry has yet to prove they can compete with fossil fuel economically, they, along with wind turbines, are presently seen as the major sources of *renewable* energy in the future.

SEMI has made the PV industry an apparently obvious alternative by collaborating with Germany-based Intersolar on a global scale. SEMI has agreed to manage the PV manufacturing equipment and materials segment in a dedicated area of its chip manufacturing conferences and meetings related to materials.

At its flagship SEMICON/West two years ago it turned the third-floor of San Francisco's Moscone Center's West Hall over to Intersolar, while chip back-end companies occupied the lower two floors. Last year, and again this year it evicted the back-end companies from the West Hall and combined them with front-end exhibitors in the North and South Halls of the Moscone Center. So, now ex-employees of ATE and other back-end companies, looking for employment at SEMICON/West, can walk down the block to where their booths had been previously to look-over the PV industry companies and discuss opportunities with them.

While there are certainly some discernible similarities between making and testing chips and PV cells they are also a lot of differences. At first glance PV cells are simple PN junction semiconductors with very little complexity. However, they are much larger in scale and their application requirements are much more stringent. The semiconductor industry on the other hand deals with devices that are ever shrinking and becoming more complex.

Both have their application spaces which have been clearly defined for many years. The current boom in the renewable industry has seen significant improvements in renewable technologies and application of integrated circuits as controllers in most PV-based systems and as in parts known as inverters. So, to a degree a bridge is being established between the two worlds so that the best of both could be extracted for more efficient PV systems yet to come.

In many ways there are also system similarities between semiconductor and PV systems. The PV's are very similar to integrated circuits, but the interconnects are much different in physical scale. The packaging of semiconductors resembles the PV modules. The external leads in semiconductor devices are similar to external cables and junction boxes that connect the PV system together. However, there are significant differences. The larger scale PV systems have very different reliability metrics than ICs.

The packaging of these PV cells have a set of requirements in the field where they are completely exposed to the environment, as opposed to IC's in packages and PCBs that are enclosed in boxes, partially or fully protected from external environments.

As a result the test sets methodologies to guarantee viable and reliable technology in PV applications requires a very different focus than for integrated circuits, electronic packages and PCBs.

An integral part of PV systems are semiconductor inverters. Viability of present inverter technology is questionable today as this part of the PV system has a record low long term reliability. These components are 10 times less reliable today than the rest of the PV. There is no doubt that inverter technology and components will need special attention from designers and packagers of integrated and discrete devices and will require well defined testing that mimics applications in field conditions. Semiconductor packaging and test engineers can certainly contribute significantly to improve system reliability of renewable energy generation systems by improving the reliability and performance to reduce the risk of periodic component failures in the lifecycle of a PV system.

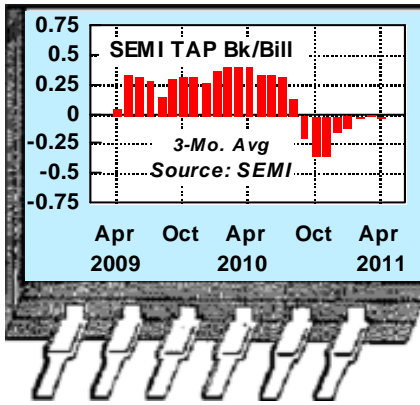
A serious problem however for U.S. based test engineers in particular is that the solar cell manufacturing industry is rapidly moving to lower cost countries such as China. It is estimated that at this point 50 percent or more solar cells are already being manufactured there.

This is actually came as a bit of a surprise to this writer as the industry is still almost wholly dependent on government subsidies and I would have thought that the politicians would insist on more local production.

To be clear, there we may well be some amount of local production as well, but the biggest production volumes will take place in lower cost countries.

So, despite all the parallels that can be drawn between the silicon solar cell manufacturing industry and the semiconductor industry, the solar cell manufacturing industry is definitely not a "drop-in" career for displaced chip test and packaging engineers.

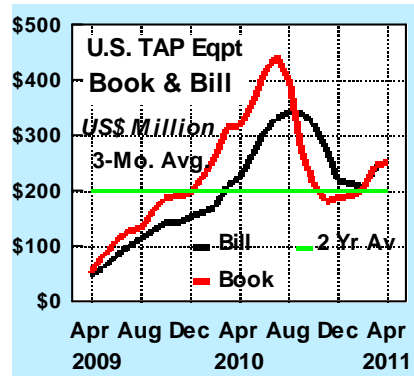
But, that's just my opinion.



April TAP B/B at 0.98

SEMI reported that North American chip equipment suppliers posted \$1,598.3 million in bookings (three-month average) for April, up 1.1 percent from March bookings of \$1,580.8 million and up 10.8 percent YoY. Total chip equipment billings were \$1,630.2 million in April, down 1.6 percent sequentially, but up 27.4 percent YoY. The April 2011 book-to-bill ratio was 0.98,

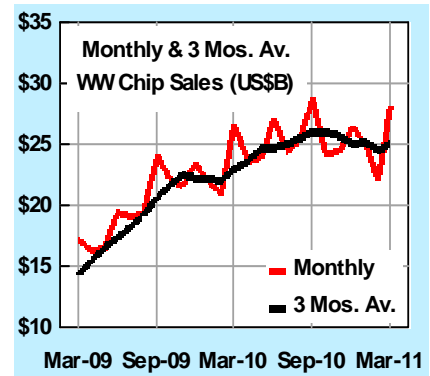
Front-end equipment bookings were \$1,347.6 million in April up 1.0 percent sequentially and up 20.0 percent YoY. April billings were \$1,374.0 million, down 2.7 percent sequentially but up 30.3 percent YoY. The resulting Front-end equipment book-to-bill ratio was also 0.98.



Test, Assembly and Packaging (TAP) equipment bookings were \$250.7 million in April, up 1.7 percent compared to the \$246.4 million reported in March, but down 21.6 percent from April 2010 bookings of \$319.6 million. April billings were \$256.2 million, up 4.6 percent from March's \$244.9 million and up 14.1 percent from \$224.6 million a year earlier. The resulting TAP equipment book-to-bill ratio was 0.98.

Note: In a very unusual situation all three sectors reported a B/B of 0.98.

	Mar'11	Apr'11	Apr'10
Book	\$246.4	\$250.7	\$319.6
Bill	\$244.9	\$256.2	\$224.6
B/B	1.01	0.98	0.42



March Chip Sales Jump 27.9% MoM

The WSTS reported that actual (not 3-month average) global chip sales in March were \$28.385 billion, up an impressive 27.9 percent from downwardly revised February sales of \$22.197 billion and up 6.0 percent from the same month in 2010 sales of \$26.728 billion. March chip sales were the second highest monthly sales on record, just below September 2010 sales of \$28,877 billion, the WSTS said. As a result actual chip sales for the first quarter of 2011 were \$75.766 billion according to both SIA and the WSTS. That was up 8.6 percent from the same quarter of 2010 sales of \$69.798 billion. It was also the second best sales reported for any quarter in the industry's history, just behind the third quarter of 2010 sales of \$78.627 billion.

Brian Toohey, president of SEMI, commented: "At the close of the first quarter of this year we are very encouraged by the performance of the global and domestic semiconductor industry. "It's clear this industry is a force driving the US economy forward and out of the recent recession."

March 2011 WW Chip Sales

The SIA reported that three-month average worldwide chip sales were \$25.3 billion for March 2011, a 2.5 percent increase from \$24.7 billion in February and an increase of 8.6 percent from March 2010 when sales were \$23.2 billion. Sales for the first quarter of 2011 reached \$75.8 billion, up 8.6 percent over last year's first quarter sales of \$69.8 billion and represented a sequential increase of 0.4 percent over the prior quarter. "At the close of the first quarter of this year we are very encouraged by the performance of the global and domestic semiconductor industry," said **Brian Toohey**, SIA president. "Now more than ever, it's clear that the semiconductor industry."

Market	US\$Million			YoY	
	Feb'11	MoM Mar'11	Change	Mar'10	Change
Americas	\$4.61	\$4.69	1.7%	\$3.97	18.1%
Europe	\$3.24	\$3.32	2.5%	\$3.07	8.3%
Japan	\$3.61	\$3.62	0.5%	\$3.62	0.2%
Asia-Pacific	\$13.19	\$13.63	3.3%	\$12.62	8.0%
World Total	\$24.65	\$25.26	2.5%	\$23.27	8.6%

Actual Sales (US\$Billion)			
Market	Sales	MoM	YoY
Americas	\$4.97	17.6%	6.5%
Europe	\$3.58	17.0%	3.0%
Japan	\$4.01	20.6%	1.5%
ROA	\$15.82	36.6%	7.8%
TOTAL	\$28.38	27.9%	6.0%

Source: WSTS, May 2011.

VLSI's 10 BEST Suppliers of Chip Equipment for 2011

For the first time in the history of VLSI Research's Customer Satisfaction Survey, there was a tie for the #1 spot as Varian Semiconductor and Novellus both received a score of 8.18 in Large Suppliers of Chip Making Equipment. This is Varian's ninth consecutive win and Novellus' first time at the top spot in this category. The three largest ATE makers also made this list. Verigy was ranked #5, Advantest was #7 and Teradyne was ranked #9. Agilent also topped its list of Process Eqpt. Suppliers.

On its list of ATE makers, Verigy held the top spot for the third consecutive year. Advantest was again #2 and Teradyne remained #3. Among material handling suppliers, Advantest was ranked #1 for the first time. TEL's prober division retained its #3 position.

Large Suppliers of Chip Making Equipment

Rank	Company	Rating
1	Varian Semi	8,18
	Novellus	8.18
3	Hitachi HT	7.95
4	ASML	7.92
5	Verigy	7.79
6	TEL	7.53
7	Advantest	7.36
8	Dainippon	7.13
9	Teradyne	7.00
10	Applied	6.87

Source: VLSIresearch

ATE SUPPLIERS

Rank	Company	Rating
1	Verigy	7.79
2	Advantest	7.32
3	Teradyne	7.00
4	Yokogawa	6.42
5	LTX-Credence	6.14
6	Shibasoku	5.71

Source: VLSIresearch

MATERIAL HANDLING SUPPLIERS

Rank	Company	Rating
1	Advantest	7.67
2	Seiko Epson	7.24
3	TEL	7.05
4	Delta Design	6.91
5	ACCRETECH	6.87
6	Multitest	6.80
7	Aetrium	5.96

Source: VLSIresearch

Probe card market grew by 40% in 2010

VLSI Research reported that all segments of the semiconductor probe card market recovered in 2010. Probe cards for memory applications grew 45 percents as revenues for non-memory probe cards grew by 38 percent. Sales of blade probe cards and revenues from service and support revenues brought the annual total probe card market up to \$1,040M.

Advanced probe cards now account for 72 percent of revenues compared to 68 percent in 2009. The fastest growing segment was advanced probe cards for non-memory applications which grew 59 percent, led by Microprobe.

Overall Microprobe continued its rapid rise up the vendor share rankings to move up to 4th position, switching places with Technoprobe.

VLSI projects that the probe card market will reach \$1.4B by 2014.

TOP 5 Probe Card Vendors - 2010

		(Including Service & Spares)	
'10	'09	'10	'09
Rank	Company	Rev.	US\$M
1	1 FormFactor	188.6	135.3
2	2 MJC	176.1	118.2
3	3 JEM:	121.4	93.6
4	5 Microprobe	57.31	34.6
5	4 Technoprobe	55.7	36.4

Source: VLSIresearch April '10,

ATE STOCKS

Ticker	Close	Change	52 Week	
	05/31	Month	High	Low
AEHR	\$1.48	1.4%	\$2.49	\$0.91
ATRM	\$1.93	10.9%	\$3.40	\$1.48
ATE	\$18.68	-6.0%	\$23.61	\$15.36
CSCD	\$5.53	-16.2%	\$7.00	\$3.25
COHU	\$13.20	-8.4%	\$17.35	\$11.16
ESIO	\$18.00	9.4%	\$19.99	\$10.28
FORM	\$9.91	-4.4%	\$13.41	\$6.89
INTT	\$3.44	-13.1%	\$4.67	\$2.15
KLIC	\$12.15	34.1%	\$12.72	\$5.27
LTXC	\$9.50	9.6%	\$10.74	\$4.98
TER	\$16.01	-0.6%	\$19.19	\$8.84
VRGY	\$14.12	-2.4%	\$15.09	\$7.48
Avg. Change		1.2%		

FINANCIAL REPORTS

Cascade Microtech Corp.

Q1 Ending March 31 : \$000

	2011	2010
Sales	\$27,845	\$19,959
Ops. Pft.	207	(8,116)
Net	106	(7,400)
Per shr.	0.01	(0.53)

inTEST Corp.

Q1 Ending March 31 : \$000

	2011	2010
Sales	\$11,704	\$10,110
Ops. Pft.	1,261	1,364
Net	1,257	1,294
Per shr.	0.12	0.13

LTX-Credence Corp.

Fq3 Ending April 30 : \$000

	2011	2010
Sales	\$58,665	\$56,069
Ops. Pft.	9,655	4,943
Net	23,621	6,829
Per shr.	0.47	0.14

Verigy Ltd.

Fq3 Ending April 30 : \$000

	2011	2010
Sales	\$112,000	\$120,000
Ops. Pft.	(37,000)	1,000
Net	(40,000)	(1,000)
Per shr.	(0.66)	(0.02)

FOCUS ON THE NEW



Micro Component Technology (MCT) – once the world’s leading maker of DUT handlers, based in Roseville, MN – filed for chapter 7 bankruptcy in April 2009 – listing debts of \$7.3 million. Its largest secured creditor was Valens Offshore SPV II Corp., controlled by New York-based Laurus Capital Management, which it owed \$3.1 million. However, the MCT name – around since 1972 when it was founded to supply ferrite memory core handlers – lives on as MCT Worldwide, now based in Minneapolis, MN.

Various Laurus funds had lent the former MCT between \$13 million and \$15 million over the years, and had brought in John Moon, now CEO of MCT Worldwide, into the company as a consultant in June of 2008. He was then named COO and in November 2008 became CEO, replacing the company’s CEO/ chairman Roger Gower, when he ‘retired; in November 2008.



John Moon

The old MCT had foundered as its sales fell from \$15 million in 2007 to between \$5 million and \$6 million in 2008. Laurus foreclosed on the company’s assets in March 2009, “when it became clear it would be too difficult to turn things around,” according to Moon. MCT filed for bankruptcy in April 2009 and was dissolved.

Laurus immediately established the new company, MCT Worldwide. That company now employs about 50 people – many of them from the old MCT – with about 37 of those at its manufacturing facility in Penang, Malaysia and about eight engineers in Minneapolis.

MCT Worldwide’s corporate officers are located across the U.S. from Boston, MA to Minneapolis, MN to Burbank and Pleasanton, CA, as well as in Penang. Laurus holds an 80 percent equity share with the balance being held by the executive officers of the company.

The new MCT had revenues of around \$12 million in 2010 – up from about \$3.9 million in 2009 from its three strip test related products, its SH-5000 handler, the FH-1200 Film Frame Test Handler and MH-3000 Laser Marker. It also derives some revenue from the repair of pc boards for MCT’s legacy DUT handlers.

The SH-5000 Strip Test Handler is its major product. It allows devices to be production final tested in a massively parallel configuration while still in their leadframe or laminate array rather than one (or a few) at a time. Originally developed about a decade ago by MCT and FICO of the Netherlands, strip testing is now being used in production by OSATs and IDM’s alike.

MCT claims its handler increases tester utilization by 10-15 percent, provides first pass yields of 2-4 percent, higher than other methods with, far fewer jams. Most significant is its ability to handle very small parts (3mmx3mm and below) Even pick-and-place and turret type handlers face difficulties with such small devices. Strip test handlers, in comparison, are regularly handling parts as small as 0.3mm x 0.6mm and testing over 100 devices in parallel without jams since they handle the strip instead of the individual devices.

The result, according to MCT, is that its SH-5000 strip handler can reduce the cost of test for many devices by as much as 40 percent.

It describes the MCT SH-5000 as its “4th generation strip test handler, providing dramatically improved performance and greater flexibility at a lower cost than previous models. It is a field proven machine, with over 170 in use in high volume manufacturing applications worldwide.” It claims the SH-5000 can handle virtually any type of semiconductor device package in lead frame, strip or panel format; including SO, TSSOP, PDIP, QFP, TQFP, CSP, BGA, QFN and DFN. It is also a full tri-temp capable handler that can operate from -55°C to +160°C.



MCT SH5000 Strip Handler

MCT Worldwide also offers the FH-1200 Film Frame Test Handler, designed to reduce the cost of ambient and hot testing for saw/punch isolated strip and block molded QFN, WLCSP, and eWLB packages in standard Film Frame Wafer rings. Film Frame rings are designed to hold singulated blocks, wafers or strips in an array with accuracy that is sufficient for high parallel contacting.

Its third strip test related product is its MH-3000 Laser Marker. It can be used to mark leadframes or individual devices with a variety of available options and configurations that can be customized to meet changing needs and is supported by data management software including the *SmartTrak* Software Suite. Utilizing a variety of Integrated Lasers it can mark up to 1000 characters per second, with an index time of 600 msec to 1.5 sec.

MCT Worldwide Officers

John H. Moon, president & CEO. Prior to assuming his leadership role at MCT, he had worked for a variety of investment and technology focused industries for more than 25 years. He has served in senior management positions at several venture and private equity investment firms both in the U.S. and Asia,

Bruce Ficks, CFO, had joined MCT in 2007 and managed transition in 2009 into MCT Worldwide, LLC. Since 1994, Ficks had been CFO of several high-growth and technology oriented organizations.

Richard S. Sidell, Sc.D. has served as CTO of MCT since 1998 and has been the company's leading architect in facilitating MCT's rise as the industry's pacesetter in strip testing technology. Prior to working with MCT, Dr. Sidell worked for the Aseco and ESI in various senior research and development positions.

Ken Ramsey is the company's Executive VP of Sales and Business Development. He rejoined MCT in 2009. In his previous time with the company (2001-2003) he had been its Director of Sales for Asia and responsible for introducing its first Strip Test handlers to that market.

Jeffrey S. Morphy, VP Worldwide Operations, joined MCT in 1996 and has managed Global Operations and Engineering since 2007. He brings over 14 years of experience in strip, pick and place, and gravity test handling for "back end" chip Test. Before joining MCT, he was a Non Commissioned Officer in the US Army for 10 years supervising the test and repair of "black box" electronics for the Apache helicopter,

Douglas K. Park, Director of MCT's Penang operations. He oversees the operations in Penang, and is also responsible for analyzing and improving all aspects of the operation with the emphasis on efficiency and optimal utilization of its resources, including customer/vendor relationships. He had previously held similar roles at Emcore

Financial Reports

Cascade Microtech

Said that for its revenue for the first quarter ended March 31, 2011 set another all-time record, for the third quarter in a row, at \$27.8 million, an increase of 2.6 percent over Q4 2010. Its net for the quarter was \$0.1M or \$0.01/share, compared to a net of \$0.3M or \$0.02/share for Q4 2010. Its bookings for the quarter were \$25.85 million for a book-to bill ratio of 0.93. Based on the current backlog, anticipated bookings, and normal seasonal patterns of the industry, Cascade Microtech anticipates that Q2 2011 revenues will be in the range of \$26.0M to \$29.0M.

Michael Burger, its president and CEO, commented, "Even though the industry typically experiences softness in the first quarter of the year, Cascade Microtech's first quarter 2011 revenue increased sequentially. As we previously communicated, the company is executing on growing the business and strategically investing in R&D, while we consolidate our facilities and further rationalize our cost structure. With all of these activities, we continued to generate income from operations, build cash and investments, and post a small profit as we work to lower our cost structure and position the company to achieve our model in the near term."

inTEST Corporation

Reported revenues for its first quarter, ended March 31, 2011 were \$11.7 million, up 23 percent compared with first quarter 2010 revenues of \$9.5 million and up 16 percent from fourth quarter 2010 revenues of \$10.1 million. Earnings for the quarter were \$1.3 million, or \$0.12/share, up from \$1.1 million, or \$0.01/share, but down from fourth quarter 2010 earnings of \$1.3 million, or \$0.13 /share.

It noted that its earnings include the effect of approximately \$250,000 in costs related to its relocation of both its corporate headquarters and the operations of its Tempronik subsidiary.

These costs were higher than the earlier estimated costs of approximately \$155,000, due to inclement weather and other higher than expected move related costs, it said.

First quarter bookings were \$13.1 million up 13 percent from fourth quarter 2010 bookings of \$11.7 million.

inTEST president /CEO, Robert E. Matthiessen, commented, "Our results for the first quarter reflect the strength of our diversified product portfolio, which addresses growth markets in both the semiconductor and non-semiconductor areas, including aerospace, defense, automotive, telecommunications and medical pharmaceutical. We reported our second consecutive quarter of bookings growth, with solid contributions across all of our product groups, and revenue for the quarter increased both sequentially and on a year-over-year basis," Matthiessen concluded, "Our customers continue to increase their overall test capacity as they seek to meet end market demand for a broad range of products. Accordingly, we believe the growth prospects for inTEST remain positive."

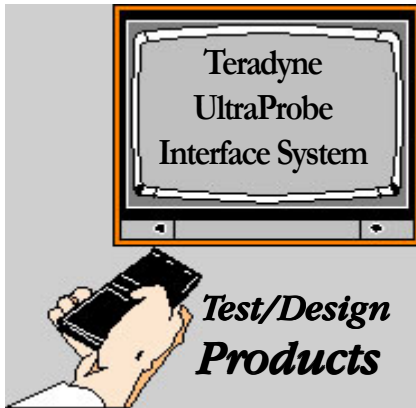
The company expects that revenue for the second quarter ended June 30, 2011 will be in the range of \$12.5 to \$13.5 million and earnings will be in the range of \$0.15 to \$0.20/share.

Kulicke & Soffa Industries

Reported revenues for its second fiscal quarter ended April 2, 2011 of \$206.7 million, up 39 percent sequentially. Its strong revenues for the quarter were led by its OSAT customers it said. Its net for the quarter was \$39.9 million, or \$0.54 /share.

Bruno Guilmart, K&S president/CEO commented, "Our results exceeded the high-end of prior guidance, with We continue to benefit from strong demand from both our ball and wedge bonder equipment lines from a wide range of customers.

The company said that it expects revenue for the third quarter of fiscal 2011 to be approximately \$255 million to \$275 million.



Teradyne's *UltraProbe* interface is the latest addition to its probe interface family. According to the company, "the UltraProbe interface adds a new degree of flexibility and performance to the probe test cell by enabling towerless bottom load probe applications."

It notes that, "Conventional probing consists of a PIB, a probe tower, and a probe card with wafer contactors. However Teradyne's UltraProbe solution eliminates the probe tower, and combines the functionality of the PIB and probe card into a single PCB. By reducing the number of components and interconnects between the tester resources and the DUT, signal integrity and overall reliability are improved, which are critical for Known Good Die and Wafer Scale Package test applications."

The UltraProbe interface consists of just two components. The UltraProbe insert mounts into the prober top plate, replacing the tower based QDC and flange. Alignment features in the insert and stiffener work together with the testers existing inner pulldown mechanism (IPD).



Teradyne Ultra Probe Test Cell

This ensures planarity, as the probe card is loaded using the prober's bottom probe card changer (BPCC). Planarity is proven for standard cantilever and vertical probe applications, as well as the more demanding Membrane probe cards, it says.

Features & Benefits

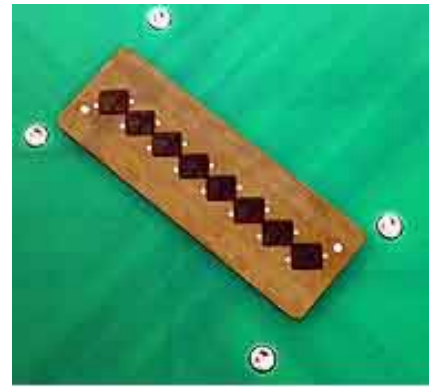
- Shorter signal path to the DUT
- Fewer test cell components
- Robust stiffener design
- Bottom load card changer
- Improved high-speed test
- Increased parallel test
- Flexible test cell configuration
- Quick probe card change over
- Simplified operator training
- Low probe card deflection

Cascade's New Viper Series Probe Cards

Cascade Microtech announced the first in the series of *Viper* probe cards. Viper probe cards are targeted at the test of high-volume production wafer-level chip-scale packaged devices (WLCSP). Viper's unique probe pin is integrated into Cascade Microtech's patented laminated housing technology to deliver consistent and superior electrical results that improve production yields and reduce overall cost-of-ownership.

It describes the Viper probe card as "an affordable multi-site solution with the unique capability that allows customers to easily scale from x1 to x8 and beyond on a per-die basis as production ramps, without changes to the layout of the probe card. Unlike

traditional spring pin solutions, the Viper features a patented housing that ensures the pin is retained, providing superior tip position accuracy needed to attain consistent contact resistance and low inductance to deliver predictable results and higher yields."



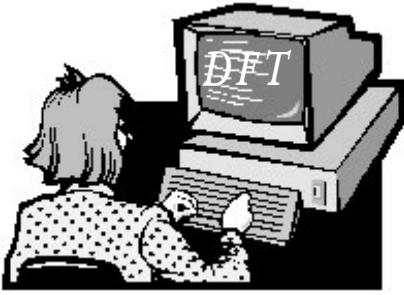
Viper WLCSP Probe Card

It adds, "The patented non-rotating pin reduces PCB pad wear, delivering a longer probe card lifetime. Individual contact engines are replaceable on a per-DUT basis requiring no special tools or microscopes, significantly reducing downtime and labor costs, and accelerating time-to-market compared to other competitive technologies. The Viper probe head can also be configured with the *Accel* option which allows for individual die testing, shortening test program development and enabling re-test of individual die."

Cascade's WinCalXE Version 4.5

Cascade Microtech has also released *WinCalXE* version 4.5 calibration software. The new version "provides advanced calibration capabilities for the full line of Cascade Microtech's probe solutions," it said.

WinCalXE 4.5 is used with a vector network analyzer to make on-wafer high-frequency measurements. It notes that, Vector Network Analyzers do not have internal calibration tools specific to on-wafer measurements, and none offer probe station control, automatic calibrations or advanced on-wafer algorithms. *WinCalXE* 4.5 can accurately calibrate the measurement system and make automated measurements, data collection and data transformation on Vector Network Analyzers for on-wafer measurements, or measurements requiring on-wafer S-parameter measurements at any frequency up to 500GHz.



EDA's Big Challenge

Ann Steffora Mutschler, used the above as the title of article she wrote for last month's *System-Level Design*, where she is a contributing editor. She noted that, "It is not news to anyone that the recent growth rate of the EDA industry has been less than impressive, to put it politely. Traditional EDA implementation tools have hit commodity status and something's got to change." She added, "Hopefully that may change due to what will be required for the design of true 3D chips."

In recent years EDA venture capital funding has dropped off. According to Mentor Graphics, which tracks EDA venture capital funding activity on a quarterly basis, funding fell to \$29 million in 2010 from \$169 million in 2007.

EDA Venture Capital Funding

2007	\$169M
2008	\$79M
2009	\$51M
2010	\$29M

In comparison the Global Semiconductor Alliance (GSA) reported that Q1'11 fabless companies and semiconductor suppliers raised \$407.1 million, up 105.4 percent sequentially although it was 10.3 percent lower than Q1 2010.

Aart de Geus, chairman/CEO of Synopsys, said at the company's user's group conference last month, "There is actually always much more innovation than one sees. The challenge is always, how do you economically make it viable because the initial phase of ideas tends to be relatively cheap from an investment point of view.

Once you start investing in a sales and support channel that's where the costs go up very radically for our industry. He continued. "On the other hand," de Geus added, "an economic downturn is where you get a new wave of start-ups that has not been seen yet or is barely visible. Great ideas happen wherever they're going to happen - there are some ideas that you can develop in isolation, there are some ideas where you really need the rest of the environment."

With this backdrop of modest growth, EDA vendors are looking to expand the traditional chip market in a number of ways. One way is to look out to nearby adjacencies, particularly as the cost to design and manufacture big, complicated chips limits the number of players.

One strategy is acquiring companies in closely related adjacencies, which all of the top EDA vendors regularly do. But, another strategy is to identify technologies that were developed for solving EDA problems that have relevance in adjacent markets and repurpose them.

U.C. Berkeley professor Jan Rabaey, in a recent interview, said the EDA industry needs to begin thinking beyond chips. Many of the tools and methodologies developed in the chip world can work on a macro scale, he said, contributing to the evolution of complex systems, an understanding of the challenges that come along with them, as well as the positive and dark side of these new technologies.

Mike Gianfagna, VP of marketing at Atrenta, believes that finding new markets for EDA will happen in incremental steps. "The market in the past few years has been miserable. If you're a new EDA company, you're the walking dead. You got \$8 million of funding and you've got \$1 million of revenue. Maybe you can sell the company for \$4 million and you owe your investors \$8 million - and they're not giving you any more money.

You just becomes a write-off for somebody, unfortunately."

However, he does see a glimmer of hope. "Everything is cyclical and I think EDA is going through another interesting part of the cycle." Specifically, Merrill Lynch reinstated coverage of the sector, and EDA companies are seeing a steady stream of bankers that are interested in the sector. He noted that in mid-March Apache Design Solutions (San Jose, CA) filed their S-1 with the SEC in preparation for its initial public offering (IPO). This is a big deal since there hasn't been an IPO of an EDA company for many years (Magma was the last 10 years ago). As a private company they have not had to reveal their Financials until now. It said that it had revenue of \$44 million in 2010 and \$34 million in 2009.

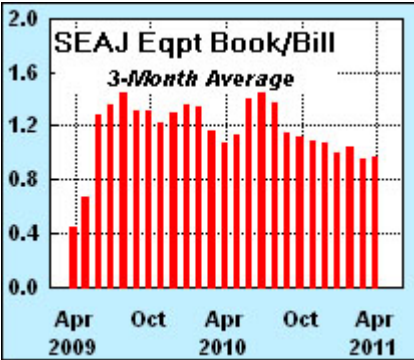
Mentor's Shares Fall on Weak Outlook.

Mentor Graphics' shares fell \$1.18 or 8.1 percent on May 27, to \$13.41 after its weaker-than-expected second-quarter forecast. Mentor said that it narrowed its first-quarter loss to \$2.3 million, or \$0.02/share, from \$23 million, or \$0.22/share, in the same period last year ago, as revenue rose 28 percent \$230 million.

Excluding special charges for debt retirement, consulting fees due to a proxy contest - which it lost when investor Carl Icahn's three nominees were elected to the company's board, - and severance benefits, the company said it made \$0.20/share for the quarter. However, it said that for its second quarter, it expects to earn \$0.05/share, excluding one-time items, on revenue of \$210 million.

EDA STOCKS

COMPANY	Ticker	Close Change		52 Week	
		05/31	Month	High	Low
Cadence	CDNS	\$10.69	3.0%	\$11.07	\$5.58
Mentor	MENT	\$13.41	-9.1%	\$16.56	\$8.21
Synopsys	SNPS	\$27.34	-0.2%	\$29.35	\$20.27
Avg. Change		-2.1%			



SEAJ April Chip Eqpt. Book-to-Bill at 0.97.

Japan-based chip equipment makers posted orders of ¥114,139 million (US\$1,383.84 million) in April 2011 (3-month average basis). Bookings were down 1.5 percent from the final March 2011 level of ¥115,862 million (US\$1,428.16 million) but up 13.9 percent YoY.

Billings during April 2011 were ¥117,795 million (US\$1,428.16 million.) The billings figure was down 3.5 percent from the final March 2011 level of ¥122,037 million, but up 25.8 percent YoY.

The SEAJ book-to-bill for April 2010 was 0.97, up from 0.95 in March.

JAPANESE ATE STOCKS			
INDEX	Ticker	Close	Change
		05/31	Month
NIKKEI 225	N225	9,694	-1.6%
Advantest	6857	1,514	-5.2%
JEM	6855	452	-8.7%
MJC	6871	791	-11.1%
TEL	8035	4,480	-4.0%
TSK	7729	1,646	4.3%
Average change in Mar.			-4.9%
Yen/US\$		81.41	0.2%

Note: Advantest Shrs. Split 2:1 Sept 30

Chip Inventories Lessen Japan Impact

According to IHS iSuppli analyst Sharon Stiefel, the impact of Japan's March 11 earthquake and tsunami on semiconductor companies was limited in Q1, due in no small part to an inventory build-up that had been occurring during the previous five quarters. Preliminary indicators reveal that inventory levels have increased yet again in Q1 2011.

Data compiled for semiconductor component manufacturers (excluding memory companies), indicate that days of inventory continue to trend upward. It now appears fortuitous that managers utilized available capacity in the seasonally slow quarters of Q4 2010 and Q1 2011 to build additional inventory, resulting in a two- to four-week cushion of raw materials/work-in-process and finished goods. Additionally, since the disaster occurred so late in the March quarter, the number of weeks of direct disruption to the supply chain was limited in its effect.

The June quarter may also experience a more muted effect from the Japan disaster than initially feared. Many semiconductor manufacturing facilities in Japan which were either initially damaged by the earthquake and tsunami and/or affected by the lack of a steady supply of electricity have returned to normal operation, limiting the negative impact on semiconductor revenues for Q2. In other cases, where the damage was severe, manufacturing was transferred to other company facilities or outside foundries.

Our research indicates semiconductor supplier inventory levels to trend upwards. However, the inventory increase is expected to be based on higher anticipated demand, rather than stockpiling due to fears of component shortages.

Anecdotal comments reflected that some inflation of inventory was attributable to supply chain worries, but it was not a widespread occurrence among most chip manufacturers.

The generally accepted premise is that the disruption would dissipate over the next few months.

However, there are some specific reports of stockpiling occurring in end products, including those experiencing a slowing in demand, such as displays for TVs, monitors and notebooks. According to the IHS iSuppli displays research in its recent LCD Price Tracker, some name brand electronics companies are building reserves as a buffer for possible supply chain disruptions, she said.

Japan Fabs Recover Faster than Expected

On Semiconductor said that as of May 4, that five of its six manufacturing facilities in Japan, were back in full production and the sixth factory is ramping toward full production."

The impact on ON Semiconductor is similar to other companies operating in Japan: after an immediate impact due to the earthquake and power outages, production has ramped to normal capacity during April and May, and expected to be complete later in the year.

Like many economists, Bill McClean, president of IC Insights, has improved his outlook for Japan. After originally predicting a slight 2 percent reduction in chip production this year in Japan following the March 11 tragedy, he now believes the industry has responded quickly and will close the early with chip output equaling last year.

His overall forecast for the industry hasn't changed. "Japan chip demand has been delayed, but it hasn't been destroyed. We expect a strong return for both system sales and ICs in Q3 and Q4 of this year", he said

However, Japanese supply chain disruptions may not recover until the end of the year, says Takeshi Hattori, president of Hattori Consulting International. He said, late last month that He still expects that "Supply chains will not fully recover until this fall at earliest or until the end of this year in the worst case."

ATE Vision 2020 Conference

The ATE Test Technology Technical Council (TTTC) of the IEEE Computer Society will hold its ATE Vision 2020 Conference on July 14, 2011 during the annual SEMICON West exposition in San Francisco, CA.



ATE Vision 2020 occupies a unique role in the semiconductor test industry as the only dedicated forum to discuss technology gaps needing advancement by test instrumentation, automated test equipment (ATE) developers, test equipment users, and other key contributors to the test industry. Winner of the *Most Successful Event Award* of the IEEE/TTTC for two years, the 2011 conference will focus on emerging issues in semiconductor test including, but not limited to, SoC, 3DIC, 450mm wafers, and new functionality in RF, mixed signal and other applications.

Through technical papers, panels and interactive discussions, the one-day event will examine the direction and requirements of the ATE and test industry as integrated circuits continue to get denser, faster, and highly heterogeneous. Technical papers will be presented in the areas of multiple cores on a die, 3D trends enabled by die-stacking and thru-silicon-vias (TSVs), adaptive test, BIST, and other areas. The conference's objective will be to explore technology needs as they relate to the cost-of-test, time-to-market, and time-to-yield needs of the industry.

"Test is playing an increasingly critical role in next generation semiconductors, both as an enabling technology and as a potential gating factor," said Erik Volkerink, chief technologist of Verigy, and founder and general chair of ATE Vision. "Identifying test technology gaps and needs in critical areas such as 3D chip stacking and 450 mm wafers are essential today to enable tomorrow's advanced chips.



According to a new report from SEMI and Semico's *Secondary Semiconductor Equipment Market*, the secondary (previously used) market for chipmaking equipment sales grew 77 percent YoY in 2010 to \$6.0 billion in 2010 or 13 percent of all chip equipment sales. The report says that although the semiconductor industry transitioned from 100mm wafers to 125mm wafers to 150mm wafers to 200mm wafers, the transition from 200mm to 300mm wafers marked the first time that a significant market for secondary equipment has emerged.

Brokers, dealers, refurbishers and other IDMs have entered this market to take advantage of a need that this industry never experienced before. Interestingly, the report notes that currently the largest equipment vendors sell less than 50 percent of the secondary equipment.

The study was initiated by the *Secondary Equipment, Services & Technology Group* (SESTG) - a special interest group of SEMI, with participation from the full spectrum of the secondary equipment market - from IDMs, foundries and equipment OEMs to finance and lease companies, refurbishers and brokers. It claims that the existing disaggregated markets are inefficient. As a result information is not consistently available causing duplication of effort, disparate pricing, variation in quality and unsatisfactory experiences.

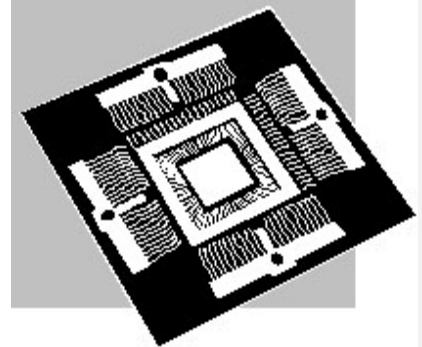
To address this situation, SEMI joined with Semico Research to embark on a research study to provide ongoing data and analysis that defines the secondary equipment, services and technology markets. Semico Research is a marketing and consulting research company founded in 1994.

Dan Tracy, Sr. Director, Industry Research & Statistics at SEMI stated, "We embarked on this study knowing that the semiconductor secondary equipment market is complex. Needless to say, gathering and analyzing the data was challenging, however the results are interesting and are expected to play a dynamic and significant role for this market segment. Measuring the size of the secondary equipment market presents challenges due to the complexity of the market characteristics" he noted,

He also noted that "Secondary semiconductor equipment is refurbished and sold through a variety of different players - it is a highly fragmented supply chain. In addition to the original equipment manufacturers, semiconductor manufacturers, refurbishers, dealers and brokers also buy and sell equipment. One piece of equipment can change hands several times before it is put back into a production or research facility."

The study notes that, "In most cases, as markets mature, clear winners emerge, eliminating a number of inefficient players. That is not the case with the secondary equipment market, yet."

ATE/DFT MEETINGS

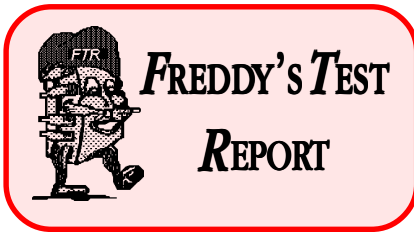


SW Test Workshop

12-15 June 2011
Rancho Bernardo Inn
San Diego, CA
<http://www.swtest.org>

SEMICON West

July 12-14 2011
Moscone Center
San Francisco, CA
www.semiconwest.org



INDUSTRY

The SIA reported on May 31 that April 2011 global chip sales (3-mos. avg.) were \$24.67 billion, down 2.2% sequentially, but up 3.9% YoY. For all of 2011 to date, chip sales were \$99.93 billion, up 9.09% YoY.

Jim Feldhan, president of **Semico Research**, at the *Semico Summit* last week told participants, that "2011 will see chip revenue growth of 8%. However he added that "its *Semico IPI* indicates the 2H'11 as the beginning of the next market slowdown."

Robert Castellano, president of the **Information Network** firm said the market for semiconductors for solar and wind energy-generation systems will grow 26.5% in 2011— after expanding 25.4% in 2010 - to reach revenues of \$1.4 billion.

IDC said worldwide PC microprocessor shipments in Q1'11 grew 1.6% sequentially and 7.4% YoY. It expects shipments for the full year 2011 will grow 10.3% and revenue to grow 17.6% to nearly US\$43 billion.

COMPANIES

Aehr Test Systems said that it has received over \$2 million in additional orders for *FOX-1 WaferPak* contactors and support services from a "leading FLASH memory maker."

Advantest announced that it has established a subsidiary in Ho Chi Minh City, Vietnam, **Advantest Vietnam Co., Ltd.**, as a subsidiary of Advantest (Singapore). Advantest had previously provided support to its Vietnam customers through its Singapore subsidiary.

Microchip Technology has acquired **Millennium Microtech Thailand**, a provider of assembly and test services. It operates IC packaging and testing plants in both Bangkok and Shanghai.

Cadence Design has acquired privately held **Altos Design Automation** (Campbell, CA.) It provides tools that enable fast, accurate characterization of memory, standard cell libraries and other foundation IP, required for SoC implementation. Financial terms of the acquisition were not disclosed

STATS ChipPAC said it has shipped over 300 million chip packages with copper wirebond interconnects. It now has copper wirebond capabilities at five of its manufacturing facilities in Asia,

Applied Materials and **Varian Semiconductor Equipment** have signed a definitive agreement under which Applied will acquire Varian for \$63 per share in cash for a total price of approximately \$4.9 billion.

Texas Instruments said it would sell a multi-tranche debt offering to partially fund its acquisition of **National Semiconductor**.

Freescale Semiconductor, (Austin, TX), raised \$783 million on May 25, pricing 43.5 million shares for \$18 each. The expected price range had been \$22 to \$24. The IPO gave the company a market value of \$4.3 billion. Shares of Freescale closed trading at \$18.33 on the first day of its initial public, up just 1.8 %.

PEOPLE

Henry R. Nothhaft resigned as president/CEO of **Tessera Technologies** to "pursue his advocacy of smart innovation policies in Washington" as presented in his recently released book. Tessera's board member **Robert A. Young** will replace Nothhaft.

John (J.D.) Delafield, Jr. has been elected to the Board of **Cascade Microtech**. He is chairman, president and CEO of Delafield Hambrecht. . Previously, he cofounded WR Hambrecht, an Internet and auction technology-driven investment bank.

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