SEMTECH CORP
Form DEF 14A
May 13, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to Rule 14a-12

Semtech Corporation

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

Semtech Corporation

200 Flynn Road

Camarillo, California 93012-8790

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held June 26, 2008

To our Stockholders:

Notice is hereby given that the Annual Meeting of Stockholders of Semtech Corporation will be held at the Courtyard Marriott, 4994 Verdugo Way, Camarillo, California, 93012 on Thursday, June 26, 2008 at 11:00 a.m., Pacific Daylight Savings time. The purposes of the Meeting are to:

1. elect nine Directors to hold office until the next annual meeting or until their successors are duly elected and qualified;

2. consider and act upon a proposal to ratify the appointment of Ernst & Young LLP as the independent registered public accountant for the Company for fiscal year 2009;

3. consider and act upon a proposal to approve the Semtech Corporation 2008 Long-Term Equity Incentive Plan; and

4. transact any other business which may properly come before the Meeting or any adjournment or postponements thereof.

The record date for the determination of the stockholders entitled to notice of and to vote at the Annual Meeting was the close of business on May 2, 2008. Holders of a majority of the outstanding stock must be present in person or by proxy in order for the meeting to be held.

IT IS IMPORTANT THAT YOUR STOCK BE REPRESENTED AT THE MEETING. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, YOU ARE URGED TO COMPLETE, DATE, SIGN AND PROMPTLY RETURN THE ENCLOSED PROXY WHICH MAY BE REVOKED AT ANY TIME PRIOR TO ITS USE. A return envelope is enclosed for your convenience.

The Proxy Statement, proxy, and the Company s Annual Report to Stockholders are being mailed on or about May 16, 2008.

By Order of the Board of Directors

Suzanna Fabos
Secretary

May 12, 2008

Camarillo, California

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting To Be Held on

June 26, 2008: The Proxy Statement and the Company s Annual Report for fiscal year 2008 are available at

http://ww3.ics.adp.com/streetlink/smtc

SEMTECH CORPORATION

ANNUAL MEETING OF STOCKHOLDERS

June 26, 2008

PROXY STATEMENT

The Board of Directors (Board) of Semtech Corporation (the Company or we), 200 Flynn Road, Camarillo, California, 93012-8790, furnishes this Proxy Statement in connection with its solicitation of proxies to be voted at the Annual Meeting of Stockholders to be held at the Courtyard Marriott, 4994 Verdugo Way, Camarillo, California, 93012 on Thursday, June 26, 2008 at 11:00 a.m., Pacific Daylight Savings Time, or at any adjournments or postponements thereof.

We began mailing our proxy materials to stockholders on or about May 16, 2008.

What am I voting on and what are the Board s recommendations?

Number	Proposal	Board s Recommendation
1	To elect nine directors to hold office until the next Annual Meeting or until their successors are duly elected and qualified. The nominees are:	**For** the election of each of the nominees
	Mr. Glen M. Antle	
	Mr. W. Dean Baker	
	Mr. James P. Burra	
	Mr. Bruce C. Edwards	
	Mr. Rockell N. Hankin	
	Mr. James T. Lindstrom	
	Mr. Mohan R. Maheswaran	

	Gen. John L. Piotrowski USAF (Ret.)	
	Mr. James T. Schraith	
2	To ratify the appointment of Ernst & Young LLP as the independent registered public accountant for the Company for fiscal year 2009	**For** ratification for fiscal year 2009
3	To approve the Semtech Corporation 2008 Long-Term Equity Incentive Plan	**For** approval

Who is entitled to vote?

Stockholders as of the close of business on May 2, 2008 (the "Record Date") are entitled to vote and are entitled to attend the Annual Meeting. Each stockholder is entitled to one vote for each share of common stock held on the Record Date. Stockholders do not have the right to cumulate votes.

Who are the largest principal shareholders?

The table under Beneficial Ownership of Securities sets forth each owner of greater than 5% of the Company s common stock.

What percentages of stock do the directors and officers own?

Together, they own about 4.9% of Semtech common stock as of May 2, 2008. See Beneficial Ownership of Securities.

What does it mean if I get more than one proxy card?

It means you hold shares registered in more than one account. You must return all proxies to ensure all your shares are voted.

How do I vote?

Recordholders: Indicate your voting preferences on the proxy card, sign and date it, and return it in the prepaid envelope. If you return a signed proxy card but do not indicate your voting preferences, we will vote FOR all proposals on your behalf. You have the right to revoke your proxy any time before the meeting by (1) notifying the Company s Secretary, or (2) returning a later-dated proxy. You may also revoke your proxy by voting in person at the meeting.

If you hold Semtech shares in street name : Your broker, bank, or other nominee will ask for your instructions, generally by means of a voting instruction form. If you do not provide voting instructions to your broker or other nominee, your shares will not be voted on any proposal on which your broker or other nominee does not have discretionary authority to vote. Brokers generally have discretionary authority to vote on the election of directors (Proposal 1) and the ratification of independent public accountants (Proposal 2), but do not have discretionary authority to vote on the proposed equity incentive plan (Proposal 3).

How are the votes counted?

A broker non-vote occurs when a bank, broker, or other record holder of the Company s shares does not vote on a proposal because it does not have discretionary voting authority and it has not received instructions from the beneficial owner on how to vote on the proposal.

Abstentions and "broker non-votes" are counted in determining the number of shares present and voting, with each tabulated separately. Abstentions are counted in tabulations of votes cast on proposals presented to the stockholders, whereas broker non-votes are not counted for purposes of determining whether a proposal has been approved.

What constitutes a quorum?

As of the Record Date, 61,731,622 shares of the Company s common stock were issued and outstanding. The presence, either in person or by proxy, of the holders of a majority of these outstanding shares is necessary to constitute a quorum for the Annual Meeting. Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum.

How many votes are needed for approval of each item?

Proposal 1: Directors will be elected by a plurality of the votes cast in person or by proxy, meaning the nine nominees receiving the most votes will be elected directors. A stockholder may not cumulate his or her votes for individual directors.

Proposal 2: The selection of our independent registered public accountant will be ratified if a majority of the votes present in person or by proxy and entitled to vote on the matter are voted in favor of the proposal.

Proposal 3: The 2008 Long-Term Equity Incentive Plan will be approved if a majority of the votes present in person or by proxy and entitled to vote on the matter are voted in favor of the proposal.

Who will count the vote?

Mellon Investor Services LLC will tabulate the votes and act as inspector of election.

Who pays for the cost of this proxy solicitation?

The Company pays for the cost of soliciting proxies on behalf of the Board. The Company also will reimburse brokerage firms and other custodians, nominees, and fiduciaries for their reasonable expenses in forwarding proxy material to beneficial owners. Proxies may be solicited by mail, telephone, other electronic means or in person. Proxies may be solicited by Directors, officers, and regular employees of the Company, none of whom will receive any additional compensation for their services. In addition, Okapi Partners LLC has been retained to assist in soliciting proxies at a fee of $30,000 plus expenses.

How can I obtain a copy of the Company s Annual Report?

We will promptly provide, upon written or oral request and without charge, a copy of the Company s annual report on Form 10-K for the fiscal year ended January 27, 2008, including financial statements and financial statement schedules (FY2008 Form 10-K), to any person whose proxy is solicited by this statement or any beneficial owner of our common stock. Requests should be directed to Suzanna Fabos, Secretary, 200 Flynn Road, Camarillo, California 93012-8790, telephone (805) 498-2111. Any stockholder desiring additional proxy materials, a copy of any other document incorporated by reference in this proxy statement, or a copy of the Company s Bylaws should similarly contact the Secretary.

Where can I find general information about the Company?

General information about us can be found on our website at www.semtech.com. The information on our website is for information only and should not be relied on for investment purposes. The information on our website is not incorporated by reference into this Proxy Statement and should not be considered part of this or any other report filed with the Securities and Exchange Commission (SEC).

We make available free of charge, either by direct access on our website or a link to the SEC website, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the SEC. Our reports filed with, or furnished to, the SEC are also available directly at the SEC's website at www.sec.gov.

Financial statements and the related reports of our independent public accountants, earnings press releases, and similar communications issued prior to July 20, 2006 should no longer be relied upon and have been superseded by the information contained in the Form 10-K/A for fiscal year 2006 filed on March 29, 2007 (Form 10-K/A) that was filed to reflect additional non-cash stock-based compensation following a review of our historical stock option practices (the restatement); our Quarterly Reports on Form 10-Q for the quarterly periods ended April 30, 2006, July 30, 2006, and October 29, 2006 which were filed concurrently with the Form 10-K/A (the FY2007 Form 10-Qs); and in reports filed with the SEC subsequent to the filing of the Form 10-K/A.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting To Be Held on

June 26, 2008: This Proxy Statement and the Company s Annual Report for fiscal year 2008 are available at

http://ww3.ics.adp.com/streetlink/smtc

ELECTION OF DIRECTORS

(Proposal Number 1)

Nine directors are to be elected at the Meeting, each to serve until the following annual meeting or until a successor is elected and qualified. All of the nominees were elected to their present terms of office by the stockholders, have consented to be named, and have indicated their intent to serve if elected. Unless a proxy directs otherwise, it is intended that the proxies solicited by management will be voted for the election of the nominees listed in the following table. If any nominee should refuse or be unable to serve, the proxyholders will vote the shares for such other person, if any, as shall be designated by the Board.

THE BOARD RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE NOMINEES LISTED BELOW

Name, Age as of June 26, 2008, and Positions	Principal Occupation, Business Experience, and Directorships
Rockell N. Hankin Age 61 Director since 1988, Chairman since 2006 *Finance Committee* *Nominating & Governance Committee*	Private Investor. Principal, Hankin & Co., a diversified business advisory firm, from June 1986 through December 2005. Director of Sparta, Inc. and three private companies. Vice Chair of the Kavli Foundation.
James P. Burra Age 65 Director since 1991, Vice Chair since 2007 *Audit Committee Chair*	Chief Executive Officer and majority owner of Endural LLC., a manufacturer of a proprietary line of vacuum formed, high density polyethylene containers, since October 2006 and Chief Executive Officer of its predecessors since 1989. Director of Earl Scheib, Inc., an operator of retail automobile paint and body shops. Former Director of Hoover Group, Inc., former parent of Endural.
Glen M. Antle Age 69 Director since 2002 *Compensation Committee* *Nominating & Governance Committee*	Chairman of Trident Microsystems, Inc., a company that designs, develops, and markets integrated circuits, since November 2006. Acting CEO of Trident November 2006 to October 2007. Chairman of the Board of Directors of Quickturn Design Systems, Inc., an electronic design automation company, from June 1993 to June 1999. Co-founded ECAD, Inc., now Cadence Design Systems, Inc., and served as Chief Executive Officer and Chairman of its Board of Directors 1982 to 1988. Director of Trident Microsystems, Inc since 1992 and Chairman of the Board since November 2006.
W. Dean Baker Age 65 Director since 2006 *Compensation Committee Chair* *Special Litigation Committee*	President of NanoPrecision Holding Company, a privately held company engaged in the development and manufacture of ultra-precision machined mechanical components, since October 2007. Consultant to firms in the technology sector on program reviews as well as evaluations of technical, management, and strategic matters since 1999. Previously served in a variety of leadership positions at Northrop Grumman Corporation, a leading defense contractor, including Vice-President and General Manager of the Defensive Systems Division, Vice-President and General Manager of Combat Support Systems, and Vice- President and TSSAM Program Manager for the Aircraft Division.

	Director of NanoPrecision Holding Company and its wholly-owned subsidiary, NanoPrecision Products, Inc., and Data Display Products, a privately held provider of custom LED lighting products.
Bruce C. Edwards Age 54 Director since 2006 *Audit Committee* *Finance Committee* *Special Litigation Committee*	Executive Chairman Emeritus of Powerwave Technologies, Inc., a leading supplier of antenna systems, base station subsystems and coverage solutions to the wireless communications industry, since November 2007 and Executive Chairman February 2005 through November 2007. Chief Executive Officer of Powerwave 1996 through February 2005. Previously held executive and financial positions at AST Research, Inc, a personal computer company, AMDAX Corporation, a manufacturer of RF modems, and public accounting firm Arthur Andersen and Co. Director of Emulex Corp.

James T. Lindstrom

Age 62

Director since 2002

Audit Committee

Nominating & Governance Committee Chair

Chief Financial Officer of eSilicon Corporation, a company that designs and manufactures custom semiconductor chips, since 2005. From August 2002 through August 2004, Chief Financial Officer of AmmoCore Technology, Inc., a provider of design implementation solutions for the rapid delivery of complex deep sub-micron system ICs. Previously Vice President, Finance and Administration and Chief Financial Officer of Silicon Perspective Corp., which merged with Cadence Design Systems, and Vice President, Chief Operating Officer of Lexra, Inc., a supplier of microprocessor cores designed for the embedded system-on-a-chip market.

Director of Lexra, Inc., a private company.

Mohan R. Maheswaran

Age 45

Director since 2006

President and Chief Executive Officer of the Company since April 2006. Executive Vice President, General Manager of Intersil Corporation, a company that designs and manufactures analog semiconductors, from June 2002 until resignation in March 2006 to accept employment with the Company. From June 2001 to May 2002, Vice President of Marketing, Business Development and Corporate Strategy for Elantec Semiconductor, Inc., a company that designed and manufactured analog integrated circuits before its acquisition by Intersil in May 2002. Previously employed by Elantec Semiconductor as Vice President of Business Development and Corporate Strategy; by Allayer Communications, a communications IC startup acquired by Broadcom; and by IBM Microelectronics, Texas Instruments, Hewlett Packard and Nortel Communications.

Mr. Maheswaran may terminate his employment with the Company and be entitled to severance benefits if the Company fails to nominate him to stand for election as a Director for so long as he is its Chief Executive Officer and an incumbent Director, unless such nomination is prohibited by law or by any applicable listing standard. See Potential Payments Upon Termination or Change in Control below.

John L. Piotrowski USAF (Ret.)

Age 74

Director since 2002

Compensation Committee

Consultant on National Security Programs to aerospace corporations, Senior Advisor to aerospace corporations, the Air Force Research Lab, Joint National Integration Facility (JNIC), the Ground Based Midcourse Ballistic Missile Defense Program Manager, and Missile Defense Agency. Vice President of Science Applications International Corporation (SAIC) from 1995 through January 2000, then consulting employee of SAIC until retirement in February 2004. Previously, a member of the Defense Science Board and consultant and advisor for Lawrence Livermore National Lab and Los Alamos National Lab. Retired from the United States Air Force in 1990 after serving as Commander-in-Chief (CINC) North American Aerospace Defense (NORAD) Command and CINC U.S. Space Command and Vice Chief of Staff.

Director of Sparta, Inc. Former Director of the Space Foundation.

James T. Schraith

Age 50

Director since 1995

Finance Committee Chair

Private investor and consultant to technology companies since 2002. Previously Chairman and CEO of Snap Appliances, Inc., a wholly-owned subsidiary of Quantum Corporation; Executive Vice President of Worldwide Sales & Corporate Marketing at Quantum Corporation; President and CEO of ShareWave, Inc., a developer of wireless networking products; Vice President and General Manager of the North America division of Compaq Computer; and President and COO of AST Research, Inc.

Director of Achievo Corp., JiWire, Inc., Schilling Robotics., and VisualCalc, Inc., all private companies. Former director of, eCullet, Inc., Mutant Logic, Inc., Sierra Logic, Inc., Scope iT, and several other public and private technology companies.

CORPORATE GOVERNANCE

Code of Conduct

The Board has adopted a written Code of Conduct that applies to the Directors and everyone in the Company, including the Chief Executive Officer and Chief Financial Officer. The Code of Conduct, which is the Company s written code of ethics under NASDAQ and SEC rules, expresses the Company s commitment to the highest standards of ethical business conduct.

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines, which are attached as Appendix A, that set forth key principles that guide its actions. Some of these principles are discussed below.

Independence

The Board is comprised of a majority of independent Directors. The Marketplace Rules of The NASDAQ Stock Market LLC. (NASDAQ) define an independent director as a person other than an executive officer or employee of the Company or any other individual having a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director. The Board has determined that all current Directors, other than Director Maheswaran, are independent under NASDAQ rules as well as in the assessment of the Board. The Board has determined that Director Maheswaran does not meet the independence standards due to his employment by the Company. In making these determinations, the Board considered, among other things, the matters described below under Transactions with Related Parties .

Transactions with Related Parties

We have adopted a written Related-Person Transaction Policy, approved by the Audit Committee and the Board, which provides guidelines for the disclosure, review, ratification and approval of transactions with our Directors, executive officers, 5% shareholders and their immediate family members in which the amount involved exceeds or reasonably can be expected to exceed $120,000. The policy is not intended to replace or supersede any of our other policies or procedures that may be applicable to a transaction, including our Code of Conduct. Under the Code of Conduct, all Directors and employees are expected to avoid actual or apparent conflicts between personal interests and Company interests.

The policy is administered by the Audit Committee and related-person transactions must be terminated unless approved or ratified by the Audit Committee in accordance with the terms of the policy. In making its determination, the Audit Committee is to take into account all relevant factors and material facts it deems significant and consider

- the size and materiality of the transaction and the amount of consideration payable to the related-person;
- the nature of the interest of the related-person;
- whether the transaction may involve a conflict of interest;
- whether the transaction involves the provision of goods or services to the Company that are readily available from unaffiliated third parties upon better terms;
- whether there are business reasons to enter into the transaction; and
- whether the transaction is fair to the Company.

On April 12, 2007, the Board approved a payment of $314,400 to Director Hankin, an optionee who was prevented from exercising his expiring options due to the restatement process. The amount of the payment related to his January 2, 1997 options was calculated on the same basis as for other similarly situated optionees and the payment was determined by the Compensation Committee to be compensation, as the underlying expired options were granted to Director Hankin for Board service. This related party transaction was also considered and approved by the Audit Committee and the Nominating and Governance Committee determined that the transaction did not compromise Director Hankin s independence. Director Hankin was not present during the deliberations or votes regarding the transaction. The release executed by Director Hankin with respect to this payment is attached as Exhibit 10.36 to our Annual Report on Form 10-K for the fiscal year ended January 28, 2007 (FY2007 Form 10-K).

Meetings

Directors are expected to devote sufficient time to the Board and its committees to carry out their duties and responsibilities effectively. It is expected that each Director will be available to attend all meetings of the Board and any committees on which the Director serves, as well as the Company s annual meeting of shareholders. During the Company s last fiscal year, the Board held six regularly scheduled meetings and four special meetings. During such fiscal year, each of the incumbent Directors attended 75% or more of the sum of the number of such meetings plus the number of meetings of the committees of which such person was a member. The average attendance by these directors was 97%. John D. Poe, who submitted his retirement from the

Board in April 2007, attended no meetings in fiscal year 2008 as he was on leave of absence. Information regarding the number of committee meetings held in fiscal year 2008 is provided in the committee assignment table below.

During fiscal year 2008, the Board and some of the Committees also conducted some business by resolution without a meeting, as provided in the Company s Bylaws. The Board and all standing committees are scheduled to meet on a regular basis this fiscal year.

The independent directors met in executive session without management four times during fiscal year 2008 and are scheduled to meet quarterly during the current fiscal year. The executive sessions are followed by a discussion among one or more of the independent directors and the Chief Executive Officer.

Attendance at Annual Meeting

Other than Mr. Antle, all of the Directors attended the Annual Meeting of Stockholders held in June 2007. The following policy has been adopted by the Board: The Company considers attendance at the Annual Meeting of Stockholders to be a fundamental duty of each Board member, as it provides an opportunity for stockholders to communicate directly with the Directors about issues affecting the Company. Therefore, it is the Company s policy that Board members attend the Annual Meeting of Stockholders unless health, family or other important personal matters prohibit such attendance.

Continuing Education

Each Director is expected to take steps reasonably necessary to enable the Director to function effectively on the Board and Committees on which the Director serves, including becoming and remaining well informed about the Company, the industry, and business and economic trends affecting the Company. Each Director is also expected to take steps reasonably necessary to keep informed on principles and practices of sound corporate governance.

The Company provides each Director with membership in the National Association of Corporate Directors (NACD) and each Director is required to attend, at the Company s expense, an accredited director education program at least once every two years. Since the last annual meeting, two thirds of the Directors have fulfilled or exceeded this new requirement through participation in programs sponsored by prominent universities, the NACD, and other professional organizations.

Committees

The Board has a standing Audit Committee, Compensation Committee, Finance Committee, and Nominating and Governance Committee. During fiscal year 2008, a Special Committee (now disbanded) and a Special Litigation Committee focused on matters related to the our historical stock option practices. Standing committee assignments and designations of committee chairs are made annually by a vote of the Board at the organizational meeting of Directors held in conjunction with the Annual Meeting of Stockholders. All committee are authorized to engage advisors as deemed necessary to carry out their duties and each committee is charged with conducting an annual self-evaluation and assessment of its charter. Current committee assignments are set forth in the following table.

	Standing Committees				**Special Committees**	
Director	**Audit**	**Compensation**	**Finance**	**Nominating and Governance**	**Stock Options (now disbanded)**	**Litigation**
Director Hankin Chairman of the Board			Member	Member		
Director Burra Vice Chairman of the Board *	Chair					
Director Antle		Member **		Member		
Director Baker		Chair **				Chair
Director Edwards	Member		Member			Member
Director Lindstrom	Member			Chair	Member	

Director Maheswaran						
Chief Executive Officer						
Director Piotrowski		Member			Member	
Director Schraith			Chair			
Number of meetings during FY08	10	11	8	5	2	9

* Director Burra was designated Vice Chairman of the Board on June 14, 2007. The position had been vacant since August 2006 when former Vice Chairman Hankin became Chairman of the Board.

** Director Antle served as Chair of the Compensation Committee from the beginning of fiscal year 2008 until June 14, 2007 when Director Baker was designated Chair.

Audit Committee

The Board has determined that each member of the Audit Committee is independent as defined by NASDAQ and SEC rules applicable to audit committee members, financially sophisticated as defined by NASDAQ rules, and an audit committee financial expert as defined by SEC rules.

The Audit Committee s responsibilities are set forth in a written charter and include appointing and overseeing the engagement of the Company s independent registered public accounting firm; reviewing the scope and results of the audit conducted by the independent accountant; reviewing the Company s significant accounting policies; overseeing the Company s internal audit function; reviewing the independent accountant s assessment of the adequacy of the Company s internal controls; and reviewing and approving the financial statements to be included in the Company s Annual Report on Form 10-K. The Audit Committee meets periodically with the Company s independent accountant without the presence of Company management. The Audit Committee has also been designated by the Board to serve as the Company s Qualified Legal Compliance Committee, within the meaning of Section 205 of the SEC s Standards of Professional Conduct for Attorneys.

The Audit Committee has also adopted a policy regarding pre-approval of services to be provided by the Company s independent registered public accountant, which is described below under the heading Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services, and procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, which are described below under the heading Contacting the Board of Directors .

Compensation Committee

The Compensation Committee s written charter requires that it consist of no fewer than three Board members who satisfy the independence requirements of NASDAQ and applicable law. At all times during fiscal 2008, the Compensation Committee consisted of at least three Board members, each of whom the Board has affirmatively determined satisfies these independence requirements.

The Compensation Committee Charter sets forth the purpose and responsibilities of the Compensation Committee, which include reviewing and approving goals and objectives for the Chief Executive Officer (CEO) and evaluating the CEO s performance against those goals and objectives, determining (or recommend to the Board for determination) all elements of compensation of the CEO and all other executive officers, reviewing the Company s management development programs and succession plans, overseeing and periodically reviewing the operation of the Company s incentive programs and benefit plans, carrying out all responsibilities and functions assigned to it by the documents governing the Company s incentive programs and benefit plans, making and approving equity awards, and reviewing and making recommendations to the Board with respect to compensation for non-employee directors.

Finance Committee

By written charter, the Finance Committee is charged with advising the Board on matters of finance, including assisting the Board in setting policies governing the strategic investment in, or acquisition of, securities or other assets; advising with respect to the capital structure of the Company, including the issuance of both debt and equity securities; and advising with respect to the Company s dividend policy.

Nominating and Governance Committee

The Nominating and Governance Committee s written charter charges it with assisting the Board by identifying and evaluating individuals qualified to become members of the Board and recommending director nominees to the Board for selection. This committee is also responsible for making recommendations regarding the size of the Board, the Board offices of Chair and Vice Chair, the number and nature of the Board s committees, member assignments and rotation, and committee chairs; overseeing the evaluation of the Board; and making recommendations regarding corporate governance matters. The Board has determined that each member of the Nominating and Governance Committee is independent as defined by NASDAQ rules.

The Company s policy governing the qualification and selection of director nominees, including the evaluation of candidates recommended by stockholders, is set forth in Appendix B to this Proxy Statement (Appendix B). Also see *Recommendation of a Director Candidate for Consideration by the Nominating and Governance Committee* under Director Nominations below.

Special Committee

The Special Committee was established in fiscal year 2007 to investigate the Company s historical stock option practices. Fenwick & West LLP, a law firm not previously used by the Company, assisted in conducting this investigation and Navigant Consulting, Inc. served as the Special Committee s forensic accounting advisor. Having completed its work, the Special Committee was dissolved in March 2007.

Special Litigation Committee

The Special Litigation Committee is comprised of independent Directors who joined the Board in October 2006. The Special Litigation Committee was established in fiscal year 2007 to evaluate the existence and extent of any potential claims against five individuals to whom the Special Committee attributed some level of inappropriate behavior with respect to past stock option practices and to evaluate whether the Company should pursue any of the claims asserted in derivative lawsuits brought with regard to past stock option practices. The Special Litigation Committee has retained the law firm of Morrison & Foerster LLP to assist it.

Corporate Governance Materials

The following materials are available on the Company s website at www.semtech.com or by sending a request for a paper copy to the Company Secretary at the Company s headquarters at 200 Flynn Road, Camarillo, California, 93012-8790.

- Bylaws
- Code of Conduct
- Corporate Governance Guidelines
- Director Compensation Policy
- Related Persons Transaction Policy
- Board Committee Assignments
- Audit Committee Charter
- Compensation Committee Charter
- Finance Committee Charter
- Nominating and Governance Committee Charter
- Director Nominations Policy

CONTACTING THE BOARD OF DIRECTORS

General Business Matters

Our Annual Meeting provides an opportunity for stockholders to speak directly with the Board regarding appropriate matters. Stockholders also may communicate with the Board, or any Committee or Director, about Company business by writing to such party in care of the Company Secretary at the Company s headquarters at 200 Flynn Road, Camarillo, California, 93012-8790. Security holders are encouraged to include evidence of their holdings with their communications. This is in accordance with the process adopted by a majority of the independent members of the Board, which includes procedures for collecting, organizing, and otherwise handling such communications.

Accounting Matters

The Audit Committee has established procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters (Accounting Matters). Employees with concerns regarding Accounting Matters may report their concerns in writing to the Chief Financial Officer, Chief Executive Officer or the General Counsel. Employees may also report concerns regarding Accounting Matters anonymously directly to the Audit Committee via the confidential reporting system maintained by the Company. Non-employee complaints regarding Accounting Matters may be reported by writing to the Audit Committee c/o the Secretary at the Company s headquarters at 200 Flynn Road, Camarillo, California 93012-8790.

DIRECTOR NOMINATIONS

Recommendation of a Director Candidate for Consideration by the Nominating and Governance Committee

The Nominating and Governance Committee will consider recommendations for director nominations submitted by stockholders. Submissions for the 2009 Annual Meeting must be received no later than March 28, 2009; must otherwise be made in accordance with the procedures set forth in Section C of Appendix B; and must include all information specified in that section. The Nominating and Governance Committee will only consider candidates who satisfy the Company's minimum qualifications for director, as set forth in Appendix B, including that directors represent the interests of all stockholders. One of the factors that will be taken into account in considering a stockholder recommendation is the size and duration of the recommending stockholder's ownership interest in the Company and whether the stockholder intends to continue holding that interest through the annual meeting date. Stockholders should be aware that it is the general policy of the Company to re-nominate qualified incumbent directors. See Appendix B for more information on the nominating process.

Direct Nomination of a Director Candidate

Under the Company s Bylaws, director nominations will be considered untimely and ineligible to come properly before the Company s 2009 Annual Meeting if notice of such nomination is not received by the Company by March 28, 2009. The stockholder making the nomination must be a stockholder of record on the date the required notice is given to the Company and on the record date for the meeting. The required notice must be submitted in writing to the Company s Secretary at the Company s headquarters at 200 Flynn Road, Camarillo, California 93012-8790 and must contain the following information

(a) as to each person whom the stockholder proposes to nominate for election as a director:

(i) the name, age, business address, residence address, and principal occupation or employment of the person,

(ii) the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by the person,

(iii) a description of all arrangements or understandings between the stockholder and each nominee and any other person(s) (naming such person or persons) pursuant to which the nominations are to be made by the stockholder, and

(iv) any other information relating to such person that is required to be disclosed in solicitations of proxies for elections of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the Exchange Act) (including such person's written consent to being named in the proxy statement, if any, as nominee and to serving as a director if elected); and

(b) as to such stockholder giving notice

(i) the name and record address of the stockholder who intends to make the proposal and the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by such stockholder;

(ii) a representation that the stockholder is a holder of record of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to introduce the business specified in the notice;

(iii) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting;

(iv) any material interest of the stockholder in such business; and

(v) any other information that is required to be provided pursuant to Regulation 14A under the Exchange Act.

STOCKHOLDER PROPOSALS

Stockholder Proposals to be included in Next Year s Proxy Statement

The Company must receive stockholder proposals for the 2009 Annual Meeting no later than January 16, 2009 in order to be considered for inclusion in the Company s proxy materials. Stockholder proposals must be submitted in writing to the Company s Secretary at the Company s headquarters at 200 Flynn Road, Camarillo, California 93012-8790.

Other Stockholder Proposals for Presentation at Next Year s Annual Meeting

Under the Company s Bylaws, proposals by stockholders submitted outside the process of Rule 14a-8 under the Securities Exchange Act of 1934 will be considered untimely and ineligible to come properly before the Company s 2009 Annual Meeting if notice of such proposal is not received by the Company by March 28, 2009. The proposal must be a proper matter for stockholder action under Delaware law and the stockholder bringing the proposal must be a stockholder of record on the date the required notice of the proposal is given to the Company and on the record date for the meeting. The required notice must be submitted in writing to the Company s Secretary at the Company s headquarters at 200 Flynn Road, Camarillo, California 93012-8790 and must contain the information set forth in section (b) of Direct Nomination of a Director Candidate above.

DIRECTOR COMPENSATION

DIRECTOR COMPENSATION POLICY

During fiscal year 2008 the Compensation Committee conducted a comprehensive review of the Company s program for compensating Directors that are not employed by the Company or any of its subsidiaries (Non-Employee Directors) and recommended a change from an entirely equity based program to a program with both cash and equity elements. In June 2007, the Board adopted the policy described below regarding the compensation of Non-Employee Directors.

Cash Retainer Fees. Beginning July 1, 2007, the retainer fees for Non-Employee Directors are as follows:

Description	Annual Amount
Annual Retainer	$ 45,000
Additional Retainer for Chairman of the Board	$ 50,000
Committee Chair Retainer (Standing Committees)	
Audit Committee	$ 20,000
Compensation Committee	$ 15,000
Nominating & Governance Committee	$ 10,000
Finance Committee	$ 10,000
Committee Retainer (Standing Committees)	
Audit Committee	$ 10,000
Compensation Committee	$ 7,500
Nominating & Governance Committee	$ 5,000
Finance Committee	$ 5,000

The Committee Retainer is payable to each member of the respective Committee who is not also the Chair of that Committee. The Chair of a particular Committee will be entitled to receive only the Committee Chair Retainer for that particular committee. Fees are paid quarterly in advance.

For the period commencing July 1, 2007 and ending June 30, 2008, the retainer fees payable to certain Non-Employee Directors will be reduced by the amount of retainer fees attributable to the Director s services for this period that has previously been foregone by the Director in exchange for the grant of a stock option in fiscal year 2003. For Director Hankin, the amount of the foregone retainer is $30,000 and for each of Directors Antle, Burra, Lindstrom, Piotrowski and Schraith, the amount of the foregone retainer is $20,000.

Non-Employee Directors are also reimbursed for their reasonable expenses to attend meetings of the Board and related committees and otherwise attend to Company business.

Equity Award Grants. The following equity award grant policies were adopted effective June 14, 2007. The equity awards will be made from the Long Term Stock Incentive Plan approved by the Company s shareholders in 1998 (the 1998 Plan) or any successor plan designated by the Board.

Initial Option Grant. Each Non-Employee Director who first joins the Board after June 14, 2007 (who was not immediately prior to joining the Board an employee of the Company or one of its subsidiaries) will receive an option to purchase 20,000 shares of the Company s common stock upon his or her initial election or appointment to the Board. These options will vest in annual installments over the four-year period following the grant date beginning on the first anniversary of the grant date.

Semi-Annual Option Grants. On each January 1 and July 1, each Non-Employee Director then in office will receive an option to purchase 5,000 shares of the Company s common stock. These options will vest in annual installments over the four-year period following the grant date, beginning on the first anniversary of the grant date. This is a continuation of a Company practice in effect for many years.

Annual Stock Unit Grant. On each July 1, each Non-Employee Director then in office will also receive an award of restricted stock units. The number of restricted stock units will be determined by dividing $70,000 by the closing price of the Company s common stock on the grant date, rounded down to the nearest whole share. The restricted stock units will vest over the one-year period following the grant date. Vested restricted stock units will be paid in cash upon the termination of the Non-Employee Director s service with the Company.

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DIRECTOR COMPENSATION FISCAL YEAR 2008

The following table presents information regarding the compensation of individuals who were Non-Employee Directors during fiscal year 2008, including Former Director Poe. CEO Mohan Maheswaran is currently the only employee on the Board and is not paid fees or additional compensation for attending Board or committee meetings. His compensation is presented below in the Summary Compensation Table - Fiscal Year 2008 and the related explanatory tables.

NON-EMPLOYEE DIRECTOR COMPENSATION - FISCAL YEAR 2008

Name (a)	Fees earned or paid in cash ($) (1) (b)	Stock Awards ($) (2) (c)	Option Awards ($) (3) (d)	All Other Compensation ($) (4) (g)	Total ($) (h)
Chairman Hankin	$ 56,250	$ 29,004	$ 180,315	$ 314,400	$ 579,969
Vice Chairman Burra	33,750	29,004	152,553		215,307
Director Antle	28,125	29,004	152,553		209,682
Director Baker	59,544	29,004	29,259		117,807
Director Edwards	58,612	29,004	29,259		116,875
Director Lindstrom	83,750	29,004	152,553		265,307
Director Piotrowski	74,375	29,004	152,553		255,932
Director Schraith	26,250	29,004	152,553		207,807
Former Director Poe			(52,152)	10,417	(41,735)

(1) Details of cash fees shown in column (b) of the Non-Employee Director Compensation table.
Cash payments to Non-Employee Directors are based on the schedule set forth in the Director Compensation Policy on the previous page. The annual payment period begins July 1 to coordinate with the new term that begins with the election of Directors at the Annual Meeting in June. The following table provides details the cash payments shown in column (b).

	Chairman Hankin	Vice Chair Burra	Director Antle	Director Baker	Director Edwards	Director Lindstrom	Director Piotrowski	Director Schraith
Board Retainer Jul 2007 - Jun 2008	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000
Additional Retainer for Chairman	$ 50,000							
Audit Committee Chair		$ 20,000						
Compensation Committee Chair				$ 15,000				
Nominating & Governance Committee Chair						$ 10,000		
Finance Committee Chair								$ 10,000
Audit Committee Member					$ 10,000	$ 10,000		
Compensation Committee Member			$ 7,500				$ 7,500	
Nominating & Governance Committee Member	$ 5,000		$ 5,000					
Finance Committee Member	$ 5,000				$ 5,000			
	$ 105,000	$ 65,000	$ 57,500	$ 60,000	$ 60,000	$ 65,000	$ 52,500	$ 55,000
Offset amount previously paid in stock	($ 30,000)	($ 20,000)	($ 20,000)			($ 20,000)	($ 20,000)	($ 20,000)
Cash Compensation July 1, 2007 - June 30, 2008	$ 75,000	$ 45,000	$ 37,500	$ 60,000	$ 60,000	$ 45,000	$ 32,500	$ 35,000
Quarterly Payments	$ 18,750	$ 11,250	$ 9,375	$ 15,000	$ 15,000	$ 11,250	$ 8,125	$ 8,750
3 quarterly payments made in FY 2008 (i)	$ 56,250	$ 33,750	$ 28,125	$ 45,000	$ 45,000	$ 33,750	$ 24,375	$ 26,250
Payment for Oct 2006 to Jan 29, 2007 (ii)				$ 6,137	$ 5,205			

Payment for Jan 29, 2007 - June 30, 2007 (ii)				$ 8,407	$ 8,407			
Payment for service on Special Committee (iii)						$ 50,000	$ 50,000	
Total cash compensation paid in FY 2008	$ 56,250	$ 33,750	$ 28,125	$ 59,544	$ 58,612	$ 83,750	$ 74,375	$ 26,250

(i) The January 1, 2008 payment represents payment for one month service in fiscal year 2008 and two months service in fiscal year 2009.

(ii) Director Baker and Director Edwards were elected to the Board on October 9, 2006 and October 26, 2006, respectively. Each of these new Directors received a cash retainer for services from the date of election to the Board through the end of fiscal year 2007 equal to $20,000 per year pro-rated for the number of days from election to the end of the fiscal year on January 28, 2007. This cash compensation for services in fiscal year 2007 was paid in fiscal year 2008 and was also shown in last year s proxy because it was earned in fiscal year 2007. On the recommendation of the Compensation Committee, the Board determined in April 2007 that a cash retainer at the existing rate should remain in place for these Directors from the beginning of fiscal year 2008 through the effective date of the new compensation plan for Directors (July 1, 2007). Directors Baker and Edwards abstained from voting on this matter.

(iii) In April 2007, on the recommendation of the Compensation Committee, the Board authorized a cash payment of $50,000 to each of Directors Lindstrom and Piotrowski in recognition of their service on the Special Committee that investigated the Company s historical stock option practices. Directors Lindstrom and Piotrowski abstained from voting on this matter. This fiscal year 2008 payment was also reflected in column (b) in last year s proxy because the Special Committee s work was primarily conducted in fiscal year 2007.

(2) Details of stock awards shown in column (c) of the Non-Employee Director Compensation table.
In accordance with the Director Compensation Policy, the Company made its first award of stock units to Non-Employee Directors on July 1, 2007. The stock units are governed by the terms of the 1998 Plan. The current form of award certificate applicable to the stock units is attached as Exhibit 10.1 to the Company s Current Report on Form 8-K filed June 19, 2007.

Each stock unit is a non-voting unit of measurement that is deemed, solely for the purpose of calculating payment, to be the equivalent of one share of the Company s common stock. The stock units vest on the first anniversary of the award, subject to pro-ration if the Non-Employee Director s service terminates for other than death or disability. The stock units will fully vest upon death or disability. Vested stock units will be paid in cash upon the termination of the Non-Employee Director s service with the Company. The stock units carry no voting rights or other stock ownership rights. If the Company pays a cash dividend before the stock units have been paid or terminated, the Non-Employee Director will be credited with additional stock units equivalent to the value of the dividend. The additional stock units will be subject to the same vesting schedule as the original stock unit to which they relate. Upon a change in control, as defined in the 1998 Plan, the stock units become fully vested

On July 1, 2007 each Non-Employee Director was awarded 3,975 units that will vest on July 1, 2008. There are no assumptions involved in the grant date valuation of stock awards. The fair value of each stock unit on the grant date was $17.61 and the fair value of the award on the grant date was $70,000. Since these stock units are cash settled, liability accounting rules apply. The rules require that the initial valuation be remeasured at each reporting period until settlement and the pro-rata vested portion be recognized as a liability. Column (c) shows the expense recognized in fiscal year 2008 after making the required valuation adjustment.

The July 1, 2007 stock units were the only Non-Employee Director stock awards outstanding at the end of fiscal year 2008, with each Non-Employee Director holding 3,975 stock units as of that date.

(3) Details of options awards shown in column (d) of the Non-Employee Director Compensation table.
The amounts reported in Column (d) represent the expense recognized in accordance with Statement of Financial Accounting Standards No. 123 (Revised 2004) Share Based Payments (SFAS 123(R)) for financial statement reporting purposes in fiscal year 2008 for options awarded in fiscal year 2008 and in prior years (disregarding any estimate of forfeitures related to service-based vesting conditions). The assumptions and methodologies used to calculate the amounts reported in Column (d) are discussed below.

Expense in $ by Fiscal Year of Option Award

	Fiscal Year of Option Award						
Name	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**Total**
Chairman Hankin	$ 83,294	$ 20,530	$ 32,002	$ 18,232	$ 18,718	$ 7,539	$ 180,315
Vice Chairman Burra	55,532	20,530	32,002	18,232	18,718	7,539	152,553
Director Antle	55,532	20,530	32,002	18,232	18,718	7,539	152,553
Director Baker					8,851	20,408	29,259
Director Edwards					8,851	20,408	29,259
Director Lindstrom	55,532	20,530	32,002	18,232	18,718	7,539	152,553
Director Piotrowski	55,532	20,530	32,002	18,232	18,718	7,539	152,553
Director Schraith	55,532	20,530	32,002	18,232	18,718	7,539	152,553
Former Director Poe		(29,437)	(10,908)	(5,931)	(5,876)		(52,152)

All of Former Director Poe s outstanding equity awards, both vested and unvested, were rescinded and cancelled by the Company in March 2007 at the direction of the Special Litigation Committee. The negative numbers in the table above are reversals of expense that was reported in the Non-Employee Director Compensation Table for fiscal year 2007, with the exception of $28,161 related to a fiscal year 2004 director grant that was inadvertently misclassified as an employee grant to Mr. Poe and reported in the summary compensation table in the 2007 proxy. All of the reversals relate to unvested stock options, as there is no reversal of expense associated with the forfeiture of vested options. No other Non-Employee Director forfeited unvested options during fiscal year 2008, but see Note 4 below regarding vested options held by Director Hankin that expired during fiscal year 2008.

Valuation of Stock Options.

For options, stock-based compensation cost is measured at the grant date based on the fair value of the award and is amortized to expense using the straight line method over the vesting period. The Black-Scholes pricing model is used to value options.

Assumptions in Determining Fair Value of Options

	Fiscal Year					
Assumption	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Expected lives, in years	4.0 - 6.0	4.0 - 6.0	4.0 - 6.0	4.0 - 6.0	4.36 - 4.85	4.0 - 5.0
Estimated volatility	88%	71%	64%	43%	53% - 59%	40% - 59%
Dividend yield	0%	0%	0%	0%	0%	0%
Risk-free interest rate	2.68% -7.01%	2.14% -7.01%	2.14% -7.01%	2.14% -7.01%	4.6% -4.9%	3.5% -4.9%

Expected volatilities are based on historical volatility using daily and monthly stock price observations. For option grants made after

January 30, 2006, the Company uses an expected life equal to the midpoint between the vesting date and the date of contractual expiration of the options, as permitted by SEC Staff Accounting Bulletin 107. For option grants issued before January 30, 2006, the Company had used a consistent 5-year expected life assumption. The Company has not historically paid a cash dividend and the Board has not indicated an intent to declare a cash dividend in the foreseeable future. Accordingly, a dividend yield of zero has been assumed for purposes of estimating the fair value of options. The risk-free interest rate is based on the U.S. Treasury yield curve at the time of grant.

New Director Stock Option Awards.

The compensation program in effect for fiscal year 2007 provided for an initial stock option to purchase 10,000 shares of the Company s common stock to be awarded to each new Director. Due to the restatement of financial statements pending when Directors Baker and Edwards joined the Board in October 2006, the Compensation Committee determined that their initial stock option awards would be made on the first date following their appointment to the Board that options were granted to any of the Company s employees. These initial awards were made on June 6, 2007 under the 1998 Plan and are subject to substantially the same terms as the semi-annual stock option awards described below.

Each of the stock option awards granted on June 6, 2007 had a value (for financial statement reporting purposes) of $77,400 on the grant date. See the table above regarding the assumptions used to value these awards.

Stock Options in Lieu of Cash Retainer and Meeting Fees (2003 through July 15, 2008)

On December 5, 2002, each then-serving Non-Employee Director (Directors Antle, Burra, Hankin, Lindstrom, Piotrowski, and Schraith) received a stock option grant in lieu of a cash retainer and meeting fees for the period July 15, 2003 through July 15, 2008. The number of options was computed by multiplying the foregone cash retainer and meeting fees over the five-year service period by four, and then dividing that amount by the Company s closing stock price on the date prior to the grant (which was the Company s pricing convention at the time). The annual cash compensation foregone was set at $30,000 for Director Hankin, who was then serving as Vice Chairman, and at $20,000 for each other then-serving Non-Employee Director. Using this formula, Director Hankin was granted 46,047 stock options, and Directors Antle, Burra, Lindstrom, Piotrowski, and Schraith were each granted 30,698 stock options.

These options are governed by the terms of the 1998 Plan and the terms of the award agreement, the form of which is attached as Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarterly period ended October 27, 2002. The vesting period for these options began on July 15, 2003. Twenty percent of the options vest each year, but the annual vesting will not occur, and that portion of the award will be forfeited, if a Director does not attended three of the four most recent regularly scheduled meetings for that year, with certain exceptions.

Upon death, disability, or board retirement (termination of Board service after ten years of service as a Director or after five years Board service if the Director is then age 65) the portion of the option scheduled to vest in the next twelve months vests immediately and the exercise period is generally extended to three years. Further, if the optionee dies or suffers a disability within the three years following board retirement, the vested portion of the option generally remains exercisable for three years after the death or disability. Directors Antle, Burra, Hankin, Piotrowski, and Schraith currently meet the eligibility requirements for board retirement.

Upon a change in control, as defined in the 1998 Plan, these options become fully vested and the Directors will have the right to exercise them immediately.

Semi-Annual Stock Option Awards.

Under our Non-Employee Director compensation policy, on January 1 and July 1 of each year, each Non-Employee Director receives a stock option to purchase 5,000 shares of the Company s common stock at the fair market value on the date of the grant

These options are governed by the terms of the 1998 Plan and vest in four equal annual installments beginning on the first anniversary of the grant date. Upon a change in control, as defined in the 1998 Plan, these options become fully vested and the Directors will have the right to exercise them immediately. Once vested, stock options will generally remain exercisable until their normal expiration date. However, vested stock options may terminate earlier in connection with a change in control transaction. The Non-Employee Director will generally have 90 days to exercise vested stock options following departure from the Board. Unvested options will terminate immediately when the director leaves the Board for any reason other than death, disability, or board retirement (termination of Board service after ten years of service as a director or after five years Board service if the director is then age 65), in which cases the options fully vest immediately and the exercise period is generally extended to three years. Further, if the optionee dies or suffers a disability within the three years following board retirement, the option generally remains exercisable for three years after the death or disability. Directors Antle, Burra, Hankin, Piotrowski, and Schraith currently meet the eligibility requirements for board retirement. The current form of award certificate, which is applicable to the semi-annual grants made in fiscal year 2008, is attached as Exhibit 10.5 to the Company s Current Report on Form 8-K filed on June 12, 2007.

During fiscal year 2008, each Non-Employee Director then in office was awarded 5,000 stock options on July 1, 2007 and on January 1, 2008 in accordance with the policy described above. Each of the stock option awards granted on July 1, 2007 had a value (for financial statement reporting purposes) equal to $48,200 on the grant date, and each of the stock option awards granted on January 1, 2008 had a value (for financial statement reporting purposes) equal to $32,600 on the grant date. See the table above regarding the assumptions used to value these awards.

The Long-Term Stock Incentive Plan (the 1998 Plan)

The stock options described above are subject to the terms of our Long-Term Incentive Stock Plan (1998 Plan) and the applicable award agreement. The 1998 Plan, which was approved by the stockholders in June 1998, is attached as Exhibit 10.6 to our FY2007 Form 10-K . The Compensation Committee, comprised of independent Directors, administers the 1998 Plan and has the ability to interpret and make all required determinations under the plan, subject to plan limits. This authority includes making required proportionate adjustments to outstanding awards to reflect any impact resulting from various corporate events such as reorganizations, mergers, and stock splits.

Outstanding Options at the End of Fiscal Year 2008

The following table presents the number of outstanding and unexercised option awards held by each of our Non-Employee Directors as of January 27, 2008.

Outstanding Options at End of Fiscal Year 2008

Name	**Director Since**	**Number of Shares Subject to Outstanding Option Awards as of January 27, 2008 (split-adjusted)**		
		Vested	**Unvested**	**Total**
Chairman Hankin	1988	372,777	34,210	406,987
Vice Chairman Burra	1991	234,558	31,140	265,698
Director Antle	2002	64,558	31,140	95,698
Director Baker	2006	1,250	23,750	25,000
Director Edwards	2006	1,250	23,750	25,000
Director Lindstrom	2002	64,558	31,140	95,698
Director Piotrowski	2002	58,808	31,140	89,948
Director Schraith	1995	294,518	31,140	325,658

Also see Appendix C, which sets forth details of the outstanding stock options held by the Non-Employee Directors as of May 2, 2008. The information presented in the appendix indicates the expiration date of the stock options, including those that will expire within the next twelve months.

(4) Details of other compensation shown in column (g) of the Non-Employee Director Compensation table.

On April 12, 2007 the Board approved a payment of $314,400 to Director Hankin, an optionee who was prevented from exercising his expiring options due to the restatement process. The amount of the payment related to his January 2, 1997 options was calculated on the same basis as for other similarly situated optionees and the payment was determined by the Compensation Committee to be compensation, as the underlying expired options were granted to Director Hankin for Board service. This related party transaction was also considered and approved by the Audit Committee and the Nominating and Governance Committee determined that the transaction did not compromise Director Hankin s independence. Director Hankin was not present during the deliberations or votes on this matter. The release executed by Director Hankin with respect to this payment is attached as Exhibit 10.36 to our FY2007 Form 10-K.

When Former Director Poe terminated employment with the Company in 2003 to become a non-employee director, the Company agreed to his continued participation in Company-sponsored medical and dental plans on an individual or family basis, as he elects, until he reaches the age of sixty-five. The Company is not obligated to provide any insurance not available to Company employees generally and the allocation of premiums between the Company and Mr. Poe is calculated in the same manner as for Company employees generally. Mr. Poe pays his allocated portion of the premiums on an annual basis. The Company s share of the cost to maintain this insurance coverage for Mr. Poe during fiscal year 2008 is included in column (g). A computer and cell phone provided to Mr. Poe for use on Company business were returned in fiscal year 2008. As with cell phones provided to employees, the Company permitted personal use of the phone without reimbursement. The cost to the Company for such personal cell phone usage in fiscal year 2008, if any, was negligible and is not included in the table.

Items not included in the Director Compensation Table

The Company indemnifies all Directors with respect to their service on the Board so that they will be free to carry out their responsibilities without undue concern about personal liability. Indemnification of Directors is required under the Company s Bylaws and the Company has signed agreements with each Director contractually obligating it to provide this indemnification. The most recent form of these indemnification agreements is attached as Exhibit 10.18 to the Company s Annual Report on Form 10-K for the fiscal year ended January 30, 2005. In fiscal year 2008, the Company incurred approximately $659,000 of expense by advancing legal expenses to current and former Directors in conjunction with matters associated with the Company s past stock option practices. All such advances are subject to an undertaking to repay the funds to the Company in certain circumstances. These advances are expected to continue for some time until all such matters are resolved. Such advances to current Directors, which totaled approximately $80,000 in fiscal year 2008, are not included in the Director Compensation Table.

Non-Employee Directors are reimbursed for out-of-pocket expenses they incur serving as directors and are eligible to participate in director education programs at the Company s expense. These reimbursed expenses related to the Company s business are not included in the Director Compensation. Similarly, the value of a notebook computer provided to Chairman Hankin for use on Company s business is not included. Non-Employee Directors are also covered by a travel accident policy maintained by the Company for officers and employees, the additional cost of which is negligible and is not included in the table.

BENEFICIAL OWNERSHIP OF SECURITIES

The table below indicates the number of shares of the Company s common stock owned by each person known to the Company to be the beneficial owner of more than 5% of the outstanding shares. All information regarding shareholders who are not directors or officers is based on the Company s review of information filed with the SEC on Schedule 13G. The information provided to the SEC is as of December 31, 2007.

This table also shows the number of shares held as of May 2, 2008, and stock options exercisable within 60 days of such date, by each of our Named Executive Officers (as described later in this proxy); each Director; and by all Directors, Named Executive Officers and other executive officers as a group.

	Beneficial Ownership of Common Stock (1) (7)	
	Number of Shares (5) (6)	% (6)
T. Rowe Price Associates, Inc. (2) 100 E. Pratt Street, Baltimore, MD 21202	4,355,900	6.7
Barclays Global Investors, NA (3) 45 Fremont Street, San Francisco, CA 94105	3,480,109	5.4
Glenhill Advisors LLC (4) 598 Madison Avenue, 12th Floor, New York, NY 10022	3,400,000	5.3
Rockell N. Hankin, Chairman of the Board	387,777	*
James P. Burra, Vice Chairman of the Board (5)	229,558	*
Glen M. Antle, Director	69,558	*
W. Dean Baker, Director	5,834	*
Bruce C. Edwards, Director (5)	12,834	*
James T. Lindstrom, Director	89,558	*
John L. Piotrowski, Director	64,008	*
James T. Schraith, Director	281,518	*
Mohan R. Maheswaran, Director and Chief Executive Officer	378,544	*
Emeka Chukwu, Vice President and Chief Financial Officer	100,334	*
James J. Kim, Vice President	208,668	*
Jeffrey T. Pohlman, Senior Vice President (5)	480,817	*
J. Michael Wilson, Senior Vice President	331,334	*
All Directors and Executive Officers as a group (19 persons including those named above) (5)	3,099,510	4.9

* Less than 1%

(1) Unless otherwise indicated below and subject to community property laws where applicable, each person has sole voting and investment power with respect to the shares listed. Based on information provided by the Directors, Named Executive Officers, and other executive officers, none of the shares they own is pledged.

(2) As reported in Schedule 13G/A filed on February 12, 2008 by T. Rowe Price Associates (Price Associates). Price Associates disclaimed beneficial ownership of these securities and reported that not more than 5% of such securities is owned by any one client subject to the investment advice of Price Associates. Price Associates reported sole dispositive power for all 4,355,900 shares, sole voting power for 1,026,900 of the shares, and no shared voting power.

(3)

As reported in a Schedule 13G filed on February 6, 2008 by Barclays Global Investors NA (Barclays). Barclays reported sole voting power with respect to 1,661,869 of the shares and sole dispositive power as to 1,910,758 of the shares. It was further reported that Barclays Global Fund Advisors had sole voting and dispositive power as to 1,569,351 of the shares.

(4) As reported in Schedule 13G filed on February 11, 2008 by Glenhill Advisors LLC (Glenhill). Glenhill reported that (i) Glenn J. Krevlin is the managing member and control person of Glenhill Advisors, LLC, (ii) Glenhill Advisors, LLC is the managing member of Glenhill Capital Management, LLC, (iii) Glenhill Capital Management, LLC is the general partner

and investment advisor of Glenhill Capital LP, a security holder of the Company and sole shareholder of Glenhill Capital Overseas GP, Ltd., and (iv) Glenhill Capital Overseas GP, Ltd. is general partner of Glenhill Capital Overseas Master Fund, LP, a security holder of the Company. Glenhill reported sole dispositive power and sole voting power with respect to all 3,400,000 shares.

(5) The reported shares may be subject to community property laws. The reported shares include shares held in family trusts under which voting and/or dispositive power is shared: Mr. Burra (40,000 shares), Mr. Edwards (7,000 shares), and Mr. Pohlman (150,132 shares). Other shares reported under All Executive Officers and Directors as a group may be held jointly by Executive Officers and their spouses, held solely by their spouses, held in revocable family trusts in which voting and/or dispositive powers may be shared with or rest in others, or held by other persons through whom they are deemed to have beneficial ownership of the shares.

(6) The number of shares shown in the table includes unvested restricted stock as to which the holder has voting power but no dispositive power and shares that could be acquired within 60 days of May 2, 2008 by the exercise of stock options:

	Unvested restricted stock	**Options exercisable within 60 days**
Chairman Hankin		377,777
Vice Chairman Burra		189,558
Director Antle		69,558
Director Baker		5,834
Director Edwards		5,834
Director Lindstrom		69,558
Director Piotrowski		63,808
Director Schraith		241,518
Mr. Maheswaran	90,000	266,667
Mr. Chukwu	60,000	40,334
Mr. Kim	52,000	155,668
Mr. Pohlman	25,000	305,685
Mr. Wilson	25,000	285,000
All Directors and Executive Officers as a group	422,000	2,361,467

The ownership percentage is based on 61,731,622 shares outstanding as of May 2, 2008 and the numerator and denominator include the shares, shown above, which the individual has the right to acquire within 60 days thereof through the exercise of stock options. Although the shares that could be acquired by an individual are deemed to be outstanding in calculating the ownership percentage of that individual and of the group, they are not deemed to be outstanding as to any other individual.

(7) In addition to stock and options, Non-Employee Directors and Executive Officers hold certain stock units that are the economic equivalent of a like number of shares of the Company s common stock. These items are not reflected in the beneficial ownership table. The following table indicates holdings as of May 2, 2008, none of which is vested on that date.

	Stock units payable solely in cash (i)	**Stock units payable in cash and stock (ii)**	**Stock units payable in cash or stock, at Company s discretion (iii)**
Chairman Hankin	3,975		
Vice Chairman Burra	3,975		
Director Antle	3,975		
Director Baker	3,975		
Director Edwards	3,975		
Director Lindstrom	3,975		
Director Piotrowski	3,975		
Director Schraith	3,975		

Mr. Maheswaran		120,000	6,400
Mr. Chukwu		30,000	3,500
Mr. Kim		22,000	3,700
Mr. Pohlman		25,000	3,600
Mr. Wilson		25,000	3,600
All Directors and Executive Officers as a group	31,800	337,000	40,500

(i) See Note 2 to the Director Compensation Table above under the heading Director Compensation Fiscal Year 2008 .

(ii) See Performance Stock Units under the heading Description of Plan Based Awards below.

(iii) See Executive Stock Ownership Guidelines under the heading Compensation Discussion and Analysis below.

EXECUTIVE OFFICERS AND SIGNIFICANT EMPLOYEES

Name	Age as of June 26, 2008	Position
Mohan R. Maheswaran	45	President and Chief Executive Officer
Emeka Chukwu	45	Vice President, Finance and Chief Financial Officer
Kenneth J. Barry	60	Vice President, Human Resources
Clemente Clay Beltran	38	Vice President, Worldwide Operations
Kevin P. Caffey	49	Vice President, Quality, Reliability and Technology
Alain Dantec	58	Senior Vice President, Advanced Communication and Sensing Products
Suzanna Fabos	52	General Counsel and Secretary
James J. Kim	51	Vice President, Worldwide Sales and Marketing
Resat Nejo Necar	65	Vice President, Strategy and Business Development
Jeffrey T. Pohlman	58	Senior Vice President, Protection Products
J. Michael Wilson	52	Senior Vice President, Power Management Products

Mr. Maheswaran joined the Company in April 2006 as President and Chief Executive Officer (CEO). He was Executive Vice President, General Manager of Intersil Corporation, a company that designs and manufactures analog semiconductors, from June 2002 until March 2006. From June 2001 to May 2002, he was Vice President of Marketing, Business Development and Corporate Strategy for Elantec Semiconductor, Inc., a company that designed and manufactured analog integrated circuits before its acquisition by Intersil in May 2002. He was Vice President of Business Development and Corporate Strategy of Elantec Semiconductor from January 2001 to June 2001. Mr. Maheswaran has also been employed by Allayer Communications, a communications IC startup acquired by Broadcom; IBM Microelectronics; Texas Instruments; Hewlett Packard and Nortel Communications.

Mr. Chukwu joined the Company in November 2006 as Chief Financial Officer. He previously had been employed in various financial positions at Intersil Corporation, a company that designs and manufactures analog semiconductors, since 2002. His most recent position was Vice President, Finance, in which capacity he served since February 2006. He served as the Controller of Intersil s Analog Signal Processing Group and Worldwide Operations from May 2002 through January 2006. From July 1999 through April 2002, he was the Corporate Controller of Elantec Semiconductor, Inc., a manufacturer of analog integrated circuits that was acquired by Intersil in 2002.

Mr. Barry joined the Company in December 2006 as Vice President of Human Resources. From August 2004 to September 2006 he was the Senior Vice President of Human Resources at Move.com and he was the Senior Vice President Human Resources for SuperConductor Technologies from 2002 until July 2004. He has more than 30 years of experience working in a broad range of industries, including positions with Nortel, Harman International, and Exel Logistics.

Mr. Beltran joined the Company as Vice President of Operations in July 2006. He was previously employed in various operations positions at Intersil Corporation, a company that designs and manufactures analog semiconductors, since 2002. His most recent position was Director of Backend Operations, in which capacity he served since February 2006. He also served as Director of Worldwide Operations Planning and Backend Operations from January 2003 to February 2006. From May 2002 to December 2002, he was the Director of Backend Operations. From June 2000 through May 2002, he was the Director of Operations for Elantec Semiconductor, Inc., a manufacturer of analog integrated circuits that was acquired by Intersil in 2002.

Mr. Caffey joined the Company in June 2004 as Vice President of Quality, Reliability and Technology. He was employed by LSI Logic Corporation from 1998 to 2004, last serving as Director of Worldwide Reliability. Mr. Caffey has also been employed by Symbios Logic, Hyundai Electronics America, AT&T and NCR Corporation.

Mr. Dantec was promoted to Senior Vice President of Advanced Communications and Sensing Products in June 2007. He joined us as result of the June 2005 acquisition of XEMICS S.A., where he was Chief Executive Officer since 2001. Following the acquisition, he became Vice President of Wireless and Sensing Products. Prior to joining XEMICS, he was the President and CEO of MHS SA in Nantes, France, a semiconductor company acquired by Atmel Corporation in 1998 and now known as ATMEL Nantes S.A, where he had been employed since 1979.

Ms. Fabos joined us as Corporate Counsel in April 2000 and was elected Assistant Secretary in June 2000 and Secretary in November 2003. She was promoted to General Counsel in November 2006. She had been employed in the legal department of Lockheed Martin Corporation for twelve years, where her last post was as Assistant General Counsel Finance. She has also been employed by Owens-Illinois, Inc. and Coopers & Lybrand. .

Mr. Kim was appointed Vice President of Worldwide Sales and Marketing in February 2007, after serving as Vice President of Global Handset Sales since March 2004. He was Director of Sales and Marketing for Korea and Japan from April 2000 to March 2004. He was Marketing Manager from May 1997 to April 2000. He has also held various engineering positions since beginning his employment with the Company in 1986.

Mr. Necar was appointed Vice President of Strategy and Business Development in December 2007 after serving as Vice President of Marketing for Power Management from September 2006 to December 2007 and Vice President of Business Development from 1999 to September 2006. Prior to joining the Company in 1997 as Director of Business Development, Mr. Necar held engineering and marketing management positions with Exar and Interdesign.

Mr. Pohlman was promoted to Senior Vice President of Protection Products in June 2007 after serving as Vice President of Protection Products since 1998. He has worked for the Company in various engineering roles since 1988. Mr. Pohlman was previously employed by Supertex Inc., Fairchild Camera and Instrument, Inc., and National Semiconductor in various technical and managerial roles.

Mr. Wilson was promoted to Senior Vice President of Power Management Products in June 2007, after serving as Vice President of that unit since 2001. He joined us as the result of the 1995 acquisition of ECI Semiconductor where he was Vice President and Chief Operating Officer. He has more than 20 years experience in the semiconductor industry in a broad range of technical and management positions.

Some of the personnel listed above also serve as directors or officers of one or more of our wholly-owned subsidiaries. All personnel listed above are employed on at-will basis. The Board elects officers annually and those elected serve at the discretion of the Board.

CERTAIN LEGAL PROCEEDINGS

The Company is party to five purported shareholder derivative lawsuits (suits brought on the Company s behalf) making allegations regarding stock option improprieties and financial reporting. Mr. Pohlman,Mr. Wilson, and all Directors, other than Directors Baker and Edwards, are among the defendants. A tentative settlement has been reached in these cases. See Note 13 to the financial statements in Item 8 of the FY2008 Form 10-K.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), requires the Company s directors, officers and holders of more than 10% of the Company s common stock to file with the SEC initial reports of ownership and reports of changes of ownership of common stock and other equity securities of the Company. Based solely on its review of the forms received by it, or written representations from reporting persons that they were not required to file such forms, the Company believes that, with respect to transactions during the fiscal year ended January 27, 2008, its officers and directors complied with all Section 16(a) filing requirements.

COMPENSATION DISCUSSION AND ANALYSIS

This section contains a discussion of the material elements of compensation awarded to, earned by or paid to the individuals who served as our principal executive and principal financial officers during fiscal year 2008 and our three other most highly compensated individuals who were serving as executive officers at the end of fiscal year 2008. These individuals are referred to as the Named Executive Officers or NEOs .

Role of Executive Officers in Determining Compensation

The Company s current executive compensation programs are determined and approved by the Compensation Committee. None of the NEOs is a member of the Compensation Committee. However, certain of our NEOs support and assist the Compensation Committee in performing its duties. The CEO and the Vice President of Human Resources (VP HR), who is not an NEO, are involved with setting the agenda for Compensation Committee meetings, which is partially driven by a calendar adopted by the

Compensation Committee meant to insure all duties set forth in the Compensation Committee s charter are addressed at the appropriate time. In addition to regularly scheduled meetings, the CEO and/or the VP HR call Compensation Committee meetings from time to time if a matter requiring committee attention arises between regularly scheduled meetings. Both the CEO and VP HR normally attend the meetings, although they are not present when their own compensation is being discussed. The CEO and VP HR make recommendations to the Compensation Committee regarding the design of the compensation programs, sometimes working with compensation consultants in this regard, and report to the Compensation Committee on the operation and effectiveness of the Company s compensation and benefits programs. The CEO recommends to the Compensation Committee the base salary, target annual bonus and long-term compensation levels for other NEOs. Before making such recommendations, the CEO typically consults with the VP HR.

Our Chief Financial Officer (CFO) supervises the calculation of the bonus awards payable under the Company s bonus plans, which calculated awards are presented to the Compensation Committee for approval. The CFO also advises the Compensation Committee regarding the financial aspects of various elements of the compensation package. Other than the CEO, none of the other Named Executive Officers currently has any role in determining or recommending the form or amount of compensation paid to the other Named Executive Officers or persons reporting to the CEO.

Executive Compensation Program Objectives and Overview

The Company s current executive compensation programs are intended to achieve three fundamental objectives: (1) attract, retain and motivate qualified executives; (2) hold executives accountable for performance; and (3) align executives interests with the interests of our stockholders. The programs seek to ensure that high levels of individual performance are recognized and rewarded and that the compensation of Named Executive Officers is consistent with the levels of compensation of comparable companies, general economic conditions and the Company s performance.

The Compensation Committee believes that a fair and motivating compensation program plays a critical role in the performance of the Company and, to that end, it reviews the program on an ongoing basis to evaluate its continued effectiveness. The Company s overall financial performance is a significant consideration in establishing total compensation for Named Executive Officers. The Compensation Committee believes that at the executive officer level, a greater proportion of total compensation should consist of variable, performance-based components, such as bonuses, which can increase or decrease to reflect changes in corporate and individual performance. Equity compensation programs are intended to reinforce management s commitment to enhancing profitability and stockholder value.

As described in more detail below, the material elements of our current executive compensation program for NEOs include a base salary, an annual cash incentive opportunity, long-term equity incentives, retirement benefits, the ability to receive compensation on a deferred basis (with matching contributions and earnings mirroring selected investments), modest perquisites and other personal benefits and, in the case of the CEO, severance protection for certain actual or constructive terminations of employment.

Each element of the executive compensation program is designed to aid in achievement of one or more compensation objectives. The table below lists each material element of the executive compensation program and the compensation objective or objectives that it is designed to achieve.

Compensation Element	Compensation Objectives Designed to be Achieved
Base Salary	Attract, retain and motivate qualified executives
Annual Cash Incentive Opportunity	Hold executives accountable for performance
	Align executives interests with those of stockholders
	Attract, retain and motivate qualified executives
Long-Term Equity Incentives	Align executives interests with those of stockholders

	Hold executives accountable for performance
	Attract, retain and motivate qualified executives
Retirement Benefits	Attract, retain and motivate qualified executives
Non-Qualified Deferred Compensation Opportunities	Attract, retain and motivate qualified executives
Perquisites and Other Personal Benefits	Attract, retain and motivate qualified executives
Severance and Other Benefits Upon Termination of Employment	Attract, retain and motivate qualified executives

As illustrated by the table above, base salaries, retirement benefits, perquisites and other personal benefits, non-qualified deferred compensation opportunities and severance and other termination benefits are all primarily intended to attract, retain and motivate qualified executives. These are the elements of our current executive compensation program where the value of the component in any given year is generally not variable, although certain elections made by executives impact the Company s expense. We believe that in order to attract, retain and motivate top-caliber executives, we need to provide executives with some predictable level of remuneration that rewards the executive s continued service. Some of the elements, such as base salaries, are generally paid out on a short-term or current basis. The other elements are generally paid out on a longer-term basis, such as upon retirement or other termination of employment. We believe that this mix of longer-term and short-term elements allows us to achieve our dual goals of attracting and retaining executives (with the longer-term benefits geared toward retention and the short-term awards focused on recruitment).

Our annual cash incentive opportunity is primarily intended to hold executives accountable for performance, although we also believe it aligns Named Executive Officers interests with those of our stockholders and helps us attract, retain and motivate executives. Our long-term equity incentives are primarily intended to align Named Executive Officers interests with those of our stockholders, although we also believe they help hold executives accountable for performance and help us attract, retain and motivate executives. These are the elements of our current executive compensation program that are designed to reward performance and the creation of stockholder value, and therefore the value of these benefits is dependent on performance. Each Named Executive Officer s annual cash incentive opportunity is paid out on an annual short-term basis and is designed to reward performance for the just completed fiscal year. Long-term equity incentives are generally earned (vested) on a longer-term basis and are designed to reward performance over one or more years.

Benchmarking and Compensation Consultants

The individual elements of the compensation program are selected to create a total compensation package for each Named Executive Officer that is intended to achieve our compensation objectives and provide competitive compensation opportunities. The Compensation Committee evaluates the Company s total compensation package in light of compensation data from the competitive marketplace in general, and our industry in particular, to ensure that the Company s executive compensation program as a whole is within the broad middle range of comparative pay for similar positions in the industry and similar sized companies.

The Compensation Committee does not target a specific position in the range of comparative data for each individual or for each component of compensation. Individual compensation for each Named Executive Officer is established by considering the comparative data and other relevant factors such as level of responsibility, prior experience and the Compensation Committee s subjective judgment as to the individual s contribution and potential.

When deemed appropriate by management or the Compensation Committee, independent compensation and benefits consultants are retained to assist in evaluating the Company s executive compensation programs. The use of compensation consultants also provides additional insight and assurance that the Company s compensation programs are reasonable and appropriate to the Company s objectives.

During fiscal year 2008, Mercer Consulting (Mercer), an independent compensation consultant, was retained with the endorsement of the Compensation Committee to assist in developing a long-term incentive compensation program for executive officers in order to encourage business growth and aid in retention of the executives. Specifically, Mercer assisted in reviewing and identifying our peer group companies, obtaining and evaluating current executive compensation data for these peer group companies and making recommendations to the Compensation Committee in light of the compensation data for our peer group companies. This compensation review was based primarily on general survey data and a peer group of eleven companies chosen after considering the Company s revenues, assets, and market capitalization. The survey data consisted of semiconductor analog device companies with operations in California. The peer group of eleven companies consisted of the following companies: Linear Technology, Intersil Corporation, Amis Holdings, Silicon Laboratories, PMC-Sierra, Microsemi Corporation, TriQuint Semiconductor, Standard Microsystems, Micrel Inc, Cirrus Logic, and Power Integrations. A long-term incentive plan, discussed below, developed with Mercer s assistance was implemented by the Committee during fiscal year 2008 .

Mercer also was retained in fiscal year 2008 to assist in the preparation of executive stock ownership guidelines, which were approved by the Compensation Committee in fiscal year 2009. Finally, Mercer was retained to advise the Compensation Committee on whether any of the performance-based stock options granted to Mr. Maheswaran in connection with his hire by the Company vested in fiscal year 2008 in accordance with the terms of Mr. Maheswaran s March 8, 2006 offer letter.

Current Executive Compensation Program Elements

None of our Named Executive Officers is employed pursuant to an employment agreement. All are at will employees. However, Mr. Maheswaran s offer letter provides for severance benefits in certain situations, as described below. The following section describes the principal components of the Company s executive compensation program for fiscal 2008.

Base Salaries

Initial base salaries were set forth in offer letters to the Named Executive Officers. From time to time, the Compensation Committee reviews the base salary level for NEOs in light of the individual s scope of responsibilities, years of experience, past and expected future contributions to the Company s success and other elements of the compensation package. The Compensation Committee also considers industry and peer group comparisons. Salaries are benchmarked against median salaries for similarly situated executives of our peer group companies.

The Compensation Committee reviewed the base salary level for Named Executive Officers then employed in the second quarter of fiscal year 2008, taking into consideration various factors, including competitive salary survey data and tally sheets of all elements of each individual s compensation package. The Compensation Committee determined to increase the base salaries of Mr. Pohlman and Mr. Wilson from $205,000 to $225,000, an approximately 9.75% percent increase. The increases were made in conjunction with their promotions to Senior Vice President. The base salaries of the remaining NEOs were not increased during fiscal year 2008. Mr. Maheswaran s base salary was not increased in fiscal year 2008 because fiscal year 2008 was Mr. Maheswaran s first full fiscal year of employment with the Company. Similarly, Mr. Chukwu s base salary was not increased in fiscal year 2008 as his employment had just commenced with the Company at the end of fiscal year 2007 (on November 20, 2006). Mr. Kim s base salary was not increased in fiscal year 2008 because he had just been promoted to the Vice President, Worldwide Sales and Marketing position at the end of fiscal year 2007 and was given a base salary increase in 2007 in connection with this promotion.

In addition, for fiscal year 2009, the Compensation Committee considered the base salaries of the Named Executive Officers and determined not to increase them. However, during fiscal year 2008, the executives and certain senior managers, including all of the Named Executive Officers, received an annual automobile allowance of $7,650, which included an allowance for maintenance and insurance, and were reimbursed for business and non-business gasoline expenses. In lieu of receiving the automobile allowance and reimbursement of gasoline expenses for non-business purposes going forward, the annual base salary of each Named Executive Officer was increased by $10,050. The increase in base salary and discontinuance of the automobile allowance and reimbursement of non-business gasoline expenses became effective on March 3, 2008.

Annual Cash Incentive Award

On June 6, 2007, the Compensation Committee approved an amended and restated version of the Semtech Corporation Bonus Plan (the Bonus Plan) effective for fiscal year 2008. The Plan provides participants, including the Named Executive Officers, an opportunity to earn an annual cash incentive award based on the performance of the Company, as measured by year-over-year improvement in operating income and the performance of the individual participant during the fiscal year. Each participant is assigned a target award for the fiscal year (expressed as a percentage of the participant s annual base salary), and the target award is weighted 60% based on Company performance (the organizational performance factor) and 40% based on individual performance (the individual performance factor). The organizational and individual performance factors are determined as follows:

(1) The organizational performance factor is determined by multiplying 60% of the participant s target award by a percentage ranging, for fiscal year 2008, from 0% (for operating income that is less than 80% of prior year s operating income) to 220% (for operating income that is above 231% of the prior year s operating income). For fiscal year 2008, the Compensation Committee approved the following chart which correlates operating income improvements in fiscal year 2008 to the organizational performance factor to be used in calculating cash incentive awards for fiscal year 2008:

FY2008 Operating Income Compared to FY2007 Operating Income	**Organizational Performance Factor**
Below 80%	0%
80%	20%
100%	30%
121%	63%
130%	77%
145%	100%
177%	141%
200%	170%
231%	220%
Above 231%	220%

The Compensation Committee determines the Company s operating income for purposes of the Bonus Plan calculation for each fiscal year based on the Company s operating income as reported in the Company s 10-K. The Compensation Committee may take into account or disregard any items or events that it determines in its discretion to be non-recurring or extraordinary and as it determines to be necessary to best reflect the operating income from ordinary business operation.

(2) Each Named Executive Officer s individual performance (other than the CEO s performance) is assessed by the CEO,

who will recommend to the Compensation Committee the individual performance factor of the other Named Executive Officers. Individual performance factors may generally range from 0% to 40% of a Participant s target bonus. The assessment of the CEO s performance is performed by the Compensation Committee. The Named Executive Officer s commitment to, and reinforcement of, the Company s core values is a primary consideration in determining the individual performance factor, as is the Named Executive Officer s contributions to achieving the company s general financial goals and strategic objectives. The Named Executive Officer s technical, operational, financial and managerial achievements in his or her scope of influence is also assessed, with focus on factors such as leadership, talent management, customer service, and strategy and execution with respect to new product development or other key projects.

Awards to participants may be adjusted upward or downward in the discretion of the Committee. This flexibility provides an additional means of considering the executive s individual performance and contributions, thereby furthering our objective of holding executives accountable for performance.

Target awards for the Named Executive Officers participating in the Bonus Plan ranged from 60% of base salary to 125% of base salary for fiscal year 2008. The operating income improvement for fiscal year 2008 was 115%, after the Committee exercised its discretion to adjust operating income as reported in the Company s 10-K to neutralize the impact of extraordinary items in each fiscal year. This resulted in an organizational performance factor of 53% for fiscal year 2008.

For fiscal year 2008, each Named Executive Officer was paid a cash incentive under the Bonus Plan. The following table shows the amounts actually paid to the NEOs and the percentage of the actual award to the NEO s annual base salary:

Named Executive Officer	**Base Salary**	**Target Award**	**Actual Award**	**Percentage of Actual Award to Base**
Mr. Maheswaran	$ 400,000	$ 500,000	$ 600,000	150%
Mr. Chukwu	$ 220,000	$ 154,000	$ 154,000	70%
Mr. Pohlman	$ 225,000	$ 157,500	$ 157,500	70%
Mr. Wilson	$ 225,000	$ 157,500	$ 100,000	44%
Mr. Kim	$ 230,000	$ 138,000	$ 138,000	60%

The Compensation Committee awarded Mr. Maheswaran a cash incentive greater than his target to reward him for his outstanding performance in fiscal year 2008. Specifically, the Compensation Committee based the award to Mr. Maheswaran on the following factors for fiscal year 2008:

the Company exceeded its annual plan goals for revenue (13% year-over-year growth) and diluted earnings per share (EPS);

the Company outperformed the average of its peer group year-over-year performance in significant annual plan metrics (revenue growth, gross margin improvement, operating income growth and EPS growth;

although the Company did not meet the goals of its annual plan in operating income growth, the Company did achieve 15% year-over-year growth;

Mr. Maheswaran successfully rebuilt the senior leadership team, strengthened the sales and field applications engineer team, established and communicated new product development and marketing strategy, established core values within the Company and restructured the organization.

For fiscal year 2009, the cash incentive which Mr. Maheswaran may receive will be based on meeting the goals established for operating income growth, on achievements in revenue, earnings per share and gross margin growth, on the financial performance of Semtech relative to a peer group of companies and on the Compensation Committee s evaluation of the effectiveness and quality of leadership.

The Compensation Committee awarded Mr. Chukwu a cash incentive at his target level to reward him for his outstanding performance during fiscal year 2008 in completing the Company s restatement of the Company s consolidated financial statements and related disclosures for the three years ended January 29, 2006 and selected consolidated financial data for the five years ended January 29, 2006 and for his leadership in managing the Company s finance department. In addition, the Compensation Committee granted Mr. Chukwu a special $50,000 cash bonus in April 2007 in immediate recognition of his efforts related to completion of the restated financial statements. The Compensation Committee awarded Mr. Pohlman a cash incentive at his target to reward him for his outstanding performance in achieving record revenue in his business unit. The

Compensation Committee awarded Mr. Wilson an amount that was less than his target level because of less than expected performance in his business unit. The Compensation Committee awarded Mr. Kim a cash incentive at his target level to reward him for outstanding performance in driving record revenue for fiscal year 2008.

Long-Term Equity Incentive Awards

The Company operates on the general premise that the Named Executive Officers long-term compensation should be directly linked to the value provided to our stockholders. Therefore, 100% of the Named Executive Officers long-term compensation is currently awarded in the form of equity instruments that are in or valued by reference to our stock. Prior to fiscal year 2008, for at least the last decade, the Company made annual equity incentive grants to employees solely in the form of stock options, with the exception of some restricted stock awards to senior executives made as an inducement to join the Company. In connection with the long-term equity incentive program for fiscal year 2008, the Compensation Committee decided to make awards that included stock options, restricted stock awards and performance-based restricted stock units. The Compensation Committee added restricted stock awards and performance-based restricted stock units (and not solely stock options) in order to attract, retain and motivate qualified executives and, with respect to performance-based restricted stock units which vest upon achievement of certain net revenue and operating income improvement in an approximately three year period, to reward executives for their performance.

The stock options awarded to the Named Executive Officers in fiscal year 2008 have six-year terms and vest in three approximately equal annual installments beginning one year after the date of the award. The restricted stock awarded to the Named Executive Officers in fiscal year 2008 vests in three approximately equal annual installments beginning one year after the date of the award. The performance-based restricted stock units awarded to the Named Executive Officers in fiscal year 2008 will vest only upon achievement of certain goals related to cumulative net revenue and cumulative operating income over a 2.75-year performance period ending with fiscal year 2010. The performance-based restricted stock units are intended to reward the Named Executive Officers for increasing the Company s net revenue and operating income performance over a period of 2.75 years. A 2.75 year review period was selected because the awards were issued in the second quarter of fiscal year 2008. The number of performance-based restricted stock units that vest could range from 0% to 200% of the award, if the performance goals are surpassed by a specified margin. One half of any performance-base restricted stock units so vested will be payable in an equal number of shares of the Company s common stock; the other half will be payable in cash based on the closing price of the Company s common stock on the last day of the performance period. Each award is subject to the terms and conditions of the 1998 Plan and the applicable Form of Employee Stock Option, Restricted Stock or Performance Unit Award Certificate, which are attached as Exhibits 10.2 through 10.4 of the Company s Current Report on Form 8-K filed on June 12, 2007.

The number of shares of stock subject to the equity awards is intended to create a meaningful opportunity for stock ownership in light of the Named Executive Officer s current position with the Company, the size of comparable awards to comparable executives at our peer companies, the individual s personal performance in recent periods, and the individual s potential for increased responsibility and promotion over the award term. In addition, the Committee also takes into account the number of unvested equity awards held by the NEO in order to maintain an appropriate level of equity incentive for that individual. However, the Committee does not adhere to any specific guidelines as to the relative equity award holdings of the Company s Named Executive Officers.

The Compensation Committee determined to issue these long-term equity incentive awards to the Named Executive Officers in fiscal year 2008 based on its desire to target long-term incentive opportunities to the 75th percentile of companies in the survey data presented to the Compensation Committee by Mercer. The Compensation Committee felt that targeting this percentile in terms of long-term equity awards to executives was necessary to appropriately align the interests of executives with those of stockholders and to provide total compensation opportunities that were in the range of the medians of our peer group so as to appropriately attract, motivate and retain executives.

For fiscal year 2008, the Committee awarded the Named Executive Officers the equity grants that are identified in the Grants of Plan-Based Awards Fiscal Year 2008 table contained in the Executive Compensation section that follows this report.

Retirement Benefits

The Company makes retirement benefits available to the Named Executive Officers under the terms of a tax-qualified 401(k) plan. In fiscal 2008, the Company made a discretionary matching contribution on behalf of each participant equal to 65% of the first 5% of compensation contributed to the plan by the participant. These Company contributions function as a retention incentive as they vest ratably over the first three years of service (as determined under the plan) with the Company and any Company contributions made after the third year of service are immediately vested. The Named Executive Officers who elect to participate in the plan do so on substantially the same terms as our other participating employees.

Non-Qualified Deferred Compensation Opportunities

As a means of providing a retention incentive to executives and other key employees, the Company maintains the Executive Compensation Plan, a non-qualified deferred compensation plan. Under the plan, executives selected by the Compensation Committee, including the Named Executive Officers, may defer up to 100% of their base salary, as defined by the plan. As currently implemented, the Company matches, on a dollar for dollar basis, up to the first 20% of employee contributions for the CEO and CFO, up to the first 15% for participants at the Vice President level; and up to the first 10% for other participants.

The plan also permits the Company to make other contributions on a discretionary basis. No discretionary contributions were made for Named Executive Officers during fiscal year 2008. Amounts deferred by participants are immediately vested. Company matching contributions are credited each pay period. Each Company contribution vests separately in equal annual installments over four years beginning one year after the contribution is made.

The Company believes that providing the Named Executive Officers with these deferred compensation opportunities is a cost-effective way to permit officers to receive the tax benefits associated with delaying the income tax event on the compensation deferred, even though the related deduction for the Company is also deferred. The Company believes that making a matching contribution to the plan, which is subject to a vesting schedule, is a cost-effective way to provide an additional retirement benefit to the Named Executive Officers and to encourage executive retention. With respect to cost, the Company has purchased whole life insurance on the lives of certain current and former deferred compensation plan participants. This company-owned life insurance is intended to cover a majority of the accrued liability for the deferred compensation plan. See Note 13 to the financial statements included in our FY2008 Form 10-K.

Perquisites and Other Personal Benefits

For fiscal year 2008, the Company provided modest perquisites to the Named Executive Officers, including a monthly car allowance, reimbursement for gasoline expenses, and cellular telephones and/or other communication devices that may also be used for non-business purposes. Some NEOs are provided enhanced vacation benefits in addition to the paid vacation based on the schedule applicable to employees generally. In addition, to induce Mr. Maheswaran and Mr. Chukwu to take their respective positions with the Company (which would require relocation to the Company s corporate office in Camarillo, California) the Company offered both NEOs certain relocation benefits. Both Messrs. Maheswaran and Chukwu received relocation benefits in fiscal year 2008. We do not establish the value of each Named Executive Officer s perquisites and personal benefits in a vacuum. Rather, we view the value of these benefits as another component of annual compensation that is merely paid in a different form. When determining each Named Executive Officer s base salary and other compensation, we take the value of the officer s perquisites and personal benefits into consideration.

As noted in the discussion concerning Base Salaries, the monthly automobile allowance and reimbursement for non-business gasoline expenses has been discontinued in fiscal year 2009, effective March 3, 2008.

Severance and Other Benefits Upon Termination of Employment or Change in Control

The Company believes that severance and other post-termination benefits can play a valuable role in attracting and retaining key executive officers. Accordingly, the Company provides certain of these protections to Mr. Maheswaran, pursuant to his offer letter, as described in more detail below. Our other Named Executive Officers are not currently covered by any severance arrangement. The Compensation Committee evaluates the level of severance benefits, if any, to be provided to a Named Executive Officer on a case-by-case basis. The Company s practice is to require a release of claims in exchange for payment of severance benefits.

The Company has determined that providing Mr. Maheswaran with severance protections in such circumstances is appropriate in light of his position within the Company and as part of his overall compensation package. In the event the employment of Mr. Maheswaran is terminated for other than death, disability or cause or if he terminates the employment for good reason , as those terms are defined in his offer letter, he will be entitled to 12 months salary continuation payments and continued welfare plan coverage, and accelerated vesting of 25% of the equity awards granted to him in connection with the commencement of his employment. These severance benefits, which are described in more detail below under Potential Payments Upon Termination or Change in Control , are contingent upon Mr. Maheswaran s execution of a release agreement, the form of which is attached to the offer letter, and are in consideration of his agreement to comply with the restrictive covenant contained in the offer letter regarding employment with or consultation for the Company s competitors.

The occurrence, or potential occurrence, of a change in control transaction may create uncertainty regarding the continued employment of Mr. Maheswaran because many change in control transactions result in significant organizational changes, particularly at the Chief Executive Officer level. In order to encourage Mr. Maheswaran to remain employed with the Company during a critical time, we provide Mr. Maheswaran with certain enhanced severance benefits if his employment is terminated for

other than death, disability or cause or if he voluntarily terminates for good reason within twelve (12) months following a change in control , as those terms are defined in his offer letter. In the event the employment of Mr. Maheswaran is terminated under the circumstances described above, he will be entitled to cash severance benefits equal to two times his annual base salary, two times his annual target bonus, a pro-rated bonus for the fiscal year of the termination, up to 24 months continued welfare plan coverage (or cash equivalent), and accelerated vesting of the all equity awards granted to him in connection with the commencement of his employment. These change in control severance benefits, which are described in more detail below under Potential Payments Upon Termination or Change in Control , are contingent upon Mr. Maheswaran s execution of a release.

In addition to the change in control severance benefits described in the preceding paragraph, Mr. Maheswaran will be reimbursed for the full amount of any excise taxes imposed on his severance payments and any other payments under Section 4999 of the Internal Revenue Code (Section 4999). We provide Mr. Maheswaran with a gross-up for any parachute payment excise taxes that may be imposed because we have determined the appropriate level of severance protections for Mr. Maheswaran without factoring in the adverse tax effects that may result under Section 4999. The excise tax gross-up is intended to make Mr. Maheswaran whole for any adverse tax consequences he may become subject to under Section 4999, and to preserve the level of severance protections that we have determined to be appropriate.

We generally do not believe that any Named Executive Officer should be entitled to severance benefits merely because a change in control transaction occurs. Other than the arrangements with Mr. Maheswaran described above, we have no individual change in control severance arrangements in place with our NEOs. However, under the terms of our equity incentive plans, if there is a change in control of the Company, then most unvested stock options will become fully vested if the employee is terminated by the Company without cause or by the employee for good reason within 12 months following a change in control , as those terms are defined in the applicable stock incentive plans. In addition, our Executive Compensation Plan (the deferred compensation plan in which the NEOs, including Mr. Maheswaran, participate) provides for vesting of account balances upon involuntary termination within 18 months of a change in control (as defined by the plan). See Note 2 to the Non-Qualified Deferred Compensation table.

See the Potential Payments Upon Termination or Change in Control section below for a description of the potential payments that may be made to the Named Executive Officers in connection with their termination of employment or a change in control.

Executive Stock Ownership Guidelines

Although not an element of executive compensation for fiscal year 2008, on March 14, 2008, the Compensation Committee approved executive stock ownership guidelines which take effect in fiscal year 2009. Specifically, the Compensation Committee approved guidelines pursuant to which certain executives, including all of the Named Executive Officers, are (within the next five years) to acquire a level of ownership of stock that has a value equal to at least one times the executive s base salary. The Compensation Committee believes that the guidelines further its goal of aligning executives interests with those of stockholders by rewarding executives for long-term performance. This is achieved by a grant of restricted stock units to certain executives that vest on the five year anniversary of the grant date, subject to the executive s continued employment through that date. These restricted stock units are generally payable six months after the executive s employment with the Company terminates.

In connection with adopting these guidelines, on March 14, 2008, the Compensation Committee granted restricted stock unit awards to certain executives, including the Named Executive Officers, and may make future restricted stock unit awards in its discretion. The awards to the Named Executive Officers are as follows:

Named Executive Officer	Number of Restricted Stock Units Granted
Mr. Maheswaran	6,400
Mr. Chukwu	3,500
Mr. Pohlman	3,600
Mr. Wilson	3,600
Mr. Kim	3,700

Each restricted stock unit represents a contingent right to receive one share of Company common stock or, in the Committee s discretion, cash of equivalent value at the time of payment.

Equity Grant Policy

In April 2007, the Compensation Committee approved a policy regarding approval of equity awards that sets forth our processes, procedures and controls in connection with grants under our equity-based incentive plans. The policy detailed procedures for the

approval of equity awards, providing that annual equity awards be approved at the regularly scheduled Compensation Committee meeting that occurs in the third quarter of each fiscal year and that new-hire awards will be approved at the next regularly scheduled Compensation Committee meeting that occurs more than two weeks after commencement of employment.

The Compensation Committee has further revised the policy to allow the Committee to approve annual awards to executives (including awards pursuant to the executive stock ownership guidelines and long-term equity incentive program) during the regularly scheduled first quarter Compensation Committee meetings of the fiscal year. This policy better aligns the approval of equity awards to the Compensation Committee s approval of the Company s annual long-term incentive program performance goals (which are based on fiscal year revenue and operating income) and review of executive base salary (which is used in determining awards under the executive stock ownership guidelines), as both topics are reviewed during the regular first quarter meeting.

The revised policy further provides that annual awards to non-executive employees may only be approved during the regularly scheduled third quarter Compensation Committee meeting of the fiscal year and all other equity awards to executives and other employees (including new hire, promotion, performance and retention awards) may be approved at regularly scheduled quarterly Compensation Committee meetings and once the dates are set, they may not be changed for equity award purposes without full Board approval. The policy prohibits approval of equity awards by written consent. The revised procedures also reflect the Board s October 2006 determination that the exercise price of stock options will be set based on the closing price of a share of our common stock on the date of Compensation Committee approval (or the next succeeding trading day if the date of Compensation Committee approval is not a trading day), a change from the Company s past convention of using the closing price on the day preceding the grant. No authority to grant equity awards is delegated to management. A key goal of the procedures is to set equity award grant dates sufficiently in advance, and fix which grants (annual or new-hire/promotion) will be considered at each meeting, to mitigate concerns that grants could be timed based on the release of positive or negative earnings reports or other material information.

Section 162(m) Considerations

For federal and most state income tax purposes, no more than $1 million of compensation paid to the chief executive officer and the certain other executive officers may be deducted in a taxable year unless the compensation is commission or performance based, as those terms are defined by tax regulations. Stock options awarded under the Company s stock option plans are intended to meet the requirements for deductible performance-based compensation. However, the Company s goal of preserving the deductibility of compensation is secondary in importance to achievement of its compensation objectives. Thus, the Compensation Committee retains discretion to grant time-based restricted stock and other forms of non-performance-based compensation when it determines their importance to meeting the Company s compensation objectives outweighs the potential loss of a tax deduction to the Company.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed with management the disclosures contained in the Compensation Discussion and Analysis section of this proxy statement. Based upon this review and our discussions, the Compensation Committee has recommended to our Board of Directors that the Compensation Discussion and Analysis section be included in this Proxy Statement, portions of which are incorporated by reference in the Company s Annual Report on Form 10-K for fiscal year 2008.

Respectfully submitted by THE COMPENSATION COMMITTEE

W. Dean Baker, Chair	Glen M. Antle	John L. Piotrowski

This Compensation Committee Report does not constitute soliciting material, and shall not be deemed to be filed or incorporated by reference into any other Company filing under the Securities Act of 1933, as amended 9 (the Securities Act), or the Securities Exchange Act of 1934, as amended (the Exchange Act), except to the extent that the Company specifically incorporates the Compensation Committee Report by reference therein.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee members whose names appear on the Compensation Committee Report above currently comprise the Compensation Committee. All three Directors served on the Committee during all of fiscal 2008. No member of our Compensation Committee during fiscal year 2008 has ever been an executive officer or employee of the Company. None of our executive officers now serve, or served during fiscal year 2008, as a director or a member of a compensation committee (or other committee performing an equivalent function) of another entity that had one of its executive officers serving on our Board or Compensation Committee during fiscal 2008 or currently.

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EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE - FISCAL YEAR 2008

Name and Principal Position (a)	Year (b)	Salary ($) (c) (1)	Bonus ($) (d) (2)	Stock Awards ($) (e) (3)	Option Awards ($) (f) (4)	Non-Equity Incentive Plan Compensation ($) (g) (5)	All Other Compensation ($) (i) (6)	Total ($) (j) (7)
Mr. Maheswaran	2008	$ 396,234	$	$ 635,792	$ 1,036,513	$ 600,000	$ 244,754	$ 2,913,293
Chief Executive Officer	2007	330,773		353,648	716,590	205,000	143,088	1,749,099
Mr. Chukwu	2008	210,716	50,000	157,490	168,321	154,000	95,026	835,553
Chief Financial Officer	2007	42,308	50,000			8,360	12,113	112,781
Mr. Kim	2008	226,443		134,016	193,461	138,000	62,206	754,126
VP, Sales and Marketing								
Mr. Pohlman	2008	215,588		58,702	272,459	157,500	48,861	753,110
SVP, Protection Products	2007	203,098			358,024	141,500	45,835	748,457
Mr. Wilson	2008	215,990		58,702	252,280	100,000	48,871	675,843
SVP, Power Management Products	2007	204,626			384,604	61,500	46,356	697,086

(1) Mr. Maheswaran commenced employment as our President and Chief Executive Officer on April 3, 2006 and was appointed to the Board on the same date. Mr. Chukwu joined the Company as our Chief Financial Officer on November 20, 2006. Their base salaries for fiscal year 2007 are for a partial year. The remaining NEOs were employed for all of fiscal years 2007 and 2008. Mr. Kim was not an NEO for fiscal year 2007 and, therefore, his compensation for fiscal year 2007 is not included in the Summary Compensation Table. Mr. Maheswaran does not receive additional compensation for his services as Director.

(2) For fiscal year 2007, Mr. Chukwu was paid a $50,000 sign-on bonus in connection with the commencement of his employment. For fiscal year 2008, Mr. Chukwu was awarded a special performance bonus of $50,000 for his work in connection with the restatement.

(3) The amounts reported in Column (e) reflect the equity compensation expense recognized for stock awards for financial statement reporting purposes, including expense related to awards made in prior years. Column (e) includes the expenses for restricted stock awards (RSAs) and for performance stock units (PSUs):

Stock Award Expense in $

Name	Fiscal Year	Restricted Stock Awards FY07 Awards	Restricted Stock Awards FY08 Awards	Performance Stock Units	Total
Mr. Maheswaran	2008	470,099	58,036	107,657	635,792
	2007	353,648			353,648
Mr. Chukwu	2008		130,576	26,914	157,490
Mr. Kim	2008		116,073	17,943	134,016
Mr. Pohlman	2008		36,274	22,428	58,702
Mr. Wilson	2008		36,274	22,428	58,702

Restricted Stock Awards. Awards of restricted stock are valued as of the grant date and amortized over the vesting period. Only Mr. Maheswaran received a grant of restricted stock during fiscal year 2007. The grant was related to the beginning of his employment as CEO.

Performance Stock Units. Awards of performance stock units are valued as of the grant date and amortized over the vesting period. However, because these performance stock units are to be settled half in cash and half in stock, liability accounting rules apply to the portion to be cash settled. The rules require that the initial valuation be remeasured at each reporting period until settlement and the pro-rata vested portion be recognized as a liability. The remeasurement takes into consideration the Company s assessment of the likelihood of meeting the performance measures and the Company s stock price at the end of the reporting period. The amount shown in the table above is the expense recognized in fiscal year 2008 after making the required valuation adjustment.

Additional Information. For a description of the stock based awards made in fiscal year 2008, see Description of Plan Based Awards below. See note 7 to the Grants of Plan Based Awards Fiscal Year 2008 table below for the grant date values of the stock awards made in fiscal year 2008 and an explanation of the Company s basis for calculating the fair market value of the restricted stock awards and performance stock units at the grant date. For the award agreement for the restricted stock granted to Mr. Maheswaran in fiscal year 2007, see Exhibit 10.1 to Company s Current Report on Form 8-K filed April 5, 2006.

(4) The amounts reported in Column (f) represent the equity compensation expense recognized for financial statement reporting purposes for options, including expense related to options awarded in prior years (disregarding any estimate of forfeitures related to service-based vesting conditions).

Expense in $ by Fiscal Year of Option Award

	Fiscal Year of Option Award						Total
Name	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**Expense**
Mr. Maheswaran							
FY2008		$	$	$	$ 966,959	$ 69,554	$ 1,036,513
FY2007					716,590		716,590
Mr. Chukwu							
FY2008						168,321	168,321
FY2007							
Mr. Kim							
FY2008		21,679	80,740	24,271		66,771	193,461
Mr. Pohlman							
FY2008		57,811	102,714	67,419		44,515	272,459
FY2007	57,263	105,333	113,009	82,419			358,024
Mr. Wilson							
FY2008		72,264	91,302	53,935		34,779	252,280
FY2007	86,550	131,666	100,453	65,935			384,604

Option awards are valued as of the grant date and amortized over the vesting period. For an explanation of the Company s basis for calculating the value of option awards, see Valuation of Stock Options in Note 3 to the Directors Compensation Table. No NEO forfeited unvested options during fiscal year 2008, but Mr. Pohlman and Mr. Wilson voluntarily cancelled 5,000 and 15,000 vested NQs, respectively, to negate possible adverse tax consequences resulting from Section 409A of the Internal Revenue Code (IRC 409A). There is no reversal of expense associated with the forfeiture of vested options.

See note 7 to the Grants of Plan Based Awards Fiscal Year 2008 table below for the grant date value of the option awards made in fiscal year 2008.

For a description of the option awards made in fiscal year 2008, see Description of Plan Based Awards below. For a description of the stock option awards made to Mr. Maheswaran in fiscal year 2007, see Note 2 to the table under Securities Authorized for Issuance under Equity Compensation Plans in the section below entitled Approval of the Semtech Corporation 2008 Long-Term Equity Incentive Plan (Proposal Number 3).

(5) The amounts reported in Column (g) reflect the amounts paid to Named Executive Officers under the terms of the Semtech Corporation Bonus Plan (the Bonus Plan). The amounts shown for fiscal year 2008 represent bonuses related to performance in fiscal year 2008 that were paid in fiscal year 2009. Likewise, the amounts shown for fiscal year 2007 represent bonuses related to performance in fiscal year 2007 that were paid in fiscal year 2008. Also see the table entitled Grants of Plan-Based Awards Fiscal Year 2008 and the section entitled Description of Plan Based Awards that follows the Summary Compensation Table.

(6) The following table shows the elements of all other compensation reported in Column (i).

All Other Compensation in $

Name	**Auto Allowance (i)**	**Employer Match Employer Match 401K Plan**	**Employer Match Executive Compensation**	**Relocation Allowance including tax**	**Commissions (v)**	**Legal Expenses including tax gross-up**	**Life Insurance Premiums (vii)**	**Total**

		(ii)	Plan (iii)	gross-up (iv)		(vi)		
Mr. Maheswaran								
FY2008	$ 9,906	$ 3,074	$ 81,850	$ 149,924	$	$	$	$ 244,754
FY2007	7,144		67,583	42,160		26,201		143,088
Mr. Chukwu								
FY2008	10,581		49,262	35,183				95,026
FY2007	1,471		7,005	3,637				12,113
Mr. Kim								
FY2008	9,600	7,144	37,119		8,343			62,206
Mr. Pohlman								
FY2008	7,650	7,352	33,859					48,861
FY2007	7,650	5,770	31,612				803	45,835
Mr. Wilson								
FY2008	7,650	7,362	33,859					48,871
FY2007	7,650	6,865	31,841					46,356

(i) We do not provide Company cars to NEOs. However, NEOs were paid a fixed monthly car allowance of $637.50 in fiscal years 2007 and 2008, which included an allowance for maintenance and insurance. They were also paid for actual gasoline expenses, including business and non-business gasoline expenses. Payments for gasoline related to business use are accounted for as reimbursed business expenses and are not included in the table. Amounts paid for non-business gasoline expenses are accounted for as compensation and are included in the table. The Auto Allowance program was discontinued in early 2009. See the discussion of Perquisites and Other Personal Benefits in the Compensation Discussion and Analysis section above.

(ii) Mr. Chukwu did not participate in the Company s 401(k) plan in fiscal years 2007 and 2008. Mr. Maheswaran did not participate in fiscal year 2007.

(iii) Each Company matching contribution vests separately over four years, beginning on the first anniversary of the contribution. Thus, the amounts shown were unvested at the end of the year of contribution. The amounts shown disregard earnings on current and prior-year Company matching contributions. Such earnings for fiscal year 2008 are included in column (d) of the Non-Qualified Deferred Compensation table below. See: Nonqualified Deferred Compensation Fiscal Year 2008 below for additional information about the Executive Compensation Plan.

(iv) Relocation assistance provided under the terms of offer letters. The amount shown includes a tax-gross up for Mr. Maheswaran of $53,767 and $15,607 in fiscal years 2008 and 2007, respectively. Mr. Chukwu did not receive any tax gross-up in connection with relocation payments made to him.

(v) In fiscal year 2007, Mr. Kim participated in a commission plan. The commissions he was paid in fiscal year 2008 were based on his performance in the fourth quarter of fiscal year 2007. When Mr. Kim was promoted to the Vice President, Worldwide Sales and Marketing position at the end of fiscal year 2007, he was no longer eligible to participate in the commission plan.

(vi) Reimbursement of certain legal expenses was provided under the terms of Mr. Maheswaran s offer letter. The amount shown includes a tax gross up of $11,201.

(vii) Premiums for supplemental life insurance coverage for Mr. Pohlman through March 2007, after which time payment of the premiums became his responsibility.

(7) Items not included in Summary Compensation Table. Mr. Maheswaran receives two additional weeks of paid vacation per year in addition to paid vacation based on the schedule that applies to employees generally. Mr. Chukwu receives one additional week of paid vacation per year. Vacation accruals are not referenced in the table. In addition, the Company provides cellular telephones and/or other communication devices to the Named Executive Officers and certain other employees for business use. Personal use of these items is permitted without reimbursement. The incremental cost to the Company, if any, is negligible, and is not included in the table. Executive Officers are also reimbursed for out-of-pocket expenses they incur in carrying out their duties. Certain reimbursable expenses, such as business entertainment of customers, may arguably have a personal component, the cost of which is not included in the table.

Compensation of Named Executive Officers

The Summary Compensation Table - Fiscal Year 2008 should be read in conjunction with the tables and narrative descriptions that follow. The Grants of Plan-Based Awards in Fiscal 2008 table, and the description of the material terms of the awards that follows it, provides information regarding the cash bonuses and long-term equity incentives awarded to NEOs in Fiscal Year 2008. The Outstanding Equity Awards at Fiscal 2008 Year-End and Option Exercises and Stock Vested in Fiscal Year 2008 tables provide further information on the Named Executive Officers potential realizable value and actual value realized with respect to their equity awards. The Nonqualified Deferred Compensation - Fiscal Year 2008 table and related description of the material terms of our nonqualified Executive Compensation Plan provides a more complete picture of potential future payments to our NEOs. The discussion of the potential payments upon termination of employment for certain reasons is intended to further explain potential future payments that are, or may become, payable to our NEOs under certain circumstances.

Description of Employment Arrangements, Salary and Bonus Amounts

All of our Named Executive Officers are employed on an at-will basis and none is employed under an employment agreement for a fixed term. We do, however, issue written offer letters to prospective employees that set forth their initial compensation and, in the case of Mr. Maheswaran, a post-termination severance arrangement. Mr. Maheswaran s post-termination severance arrangement is discussed below under Potential Payments Upon Termination or Change in Control . The majority of the initial compensation arrangements set forth in the offer letters of the other NEOs, who joined the Company between 1986 and 2006, have been superseded by subsequent Company compensation actions as their careers have progressed.

Early in each fiscal year (or otherwise in connection with promotions or new-hires), the Compensation Committee reviews and establishes the base salary and target cash incentive opportunity for the Named Executive Officers. For a discussion regarding the review that occurred in fiscal year 2008 and the factors considered by the Compensation Committee in making its determinations, see the Compensation Discussion and Analysis section above. Additional information regarding the Named Executive Officers incentive opportunities may be found in the Compensation Discussion and Analysis section above and below under Description of Plan-Based Awards.

Grants of Plan-Based Awards in Fiscal Year 2008

The following table presents information regarding the equity awards granted to the NEOs during Fiscal Year 2008 and the non-equity incentive awards earned during Fiscal Year 2008. The material terms of each award are described below under Description of Plan-Based Awards.

GRANTS OF PLAN-BASED AWARDS - FISCAL YEAR 2008

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards						
Name (a) (1)	**Grant Date (b)**	**Threshold $ (c) (2)**	**Target $ (d) (2)**	**Maximum $ (e) (2)**	**Threshold # (f) (3)**	**Target # (g) (3)**	**Maximum # (h) (3)**	**All Other Stock Awards: Number of Shares of Stock or Units # (i) (4)**	**All Other Option Awards: Number of Securities Underlying Options # (j) (5)**	**Exercise or Base Price of Options Awards $/sh (k) (6)**	**Grant Date Fair Value of Stock and Option Awards $ (l) (7)**
Mr. Maheswaran											
NQ	6/6/07								50,000	16.14	386,875
RSA	6/6/07							20,000			322,800
PSU	6/6/07					60,000	120,000				968,400
BP	2/28/08		500,000	1,100,00							
Mr. Chukwu											
NQ	6/6/07								121,000	16.14	936,238
RSA	6/6/07							45,000			726,300
PSU	6/6/07					15,000	30,000				242,100
BP	2/28/08		154,000	338,800							
Mr. Kim											
NQ	6/6/07								48,000	16.14	371,400
RSA	6/6/07							40,000			645,600
PSU	6/6/07					10,000	20,000				161,400
BP	2/28/08		138,000	303,600							
Mr. Pohlman											
NQ	6/6/07								32,000	16.14	247,600
RSA	6/6/07							12,500			201,750
PSU	6/6/07					12,500	25,000				201,750
BP	2/28/08		157,500	346,500							
Mr. Wilson											
NQ	6/6/07								25,000	16.14	193,438
RSA	6/6/07							12,500			201,750
PSU	6/6/07					12,500	25,000				201,750
BP	2/28/08		157,500	346,500							

(1) Legend.

NQ	Non-qualified stock options	PSU	Performance stock units
RSA	Restricted stock awards	BP	Bonus Plan

(2) Bonus Plan. Columns (c), (d) and (e) relate to cash bonuses under the Bonus Plan that were paid to NEOs in Fiscal Year 2009 for their efforts in Fiscal Year 2008. As to Column (c), there is no guaranteed minimum under the Bonus Plan. The target award shown in Column (d) represents the NEO s base salary multiplied by the target award percentage established for him under the Bonus Plan. The amount in Column (e) represents the maximum payable to the NEO under the Bonus Plan, including after any discretionary adjustments are made by the Compensation Committee. The actual dollar amounts paid to the NEOs under the Bonus Plan are

shown in Column (g) of the Summary Compensation Table.

(3) Performance Stock Units. Columns (f), (g) and (h) relate to performance stock units. As to Column (f), there is no guarantee that the revenue and operating income objectives that cause the PSUs to vest will be met. The target award in terms of units is shown in Column (g). The number of PSUs that may vest could range up to 200% of the award, if the performance goals are surpassed by a specified margin. The maximum number of PSUs that could vest at the 200% level is identified in Column (h).

(4) Restricted Stock Awards. Column (i) relates to restricted stock granted to the NEOs as part of the annual equity award grant and to two other awards that were delayed because of the restatement: (a) 25,000 of the 45,000 RSAs granted to Mr. Chukwu were awarded to him in connection with the commencement of his employment in November 2006; and (b) 10,000 of the 40,000 RSAs granted to Mr. Kim were awarded to him in connection with his promotion to Vice President Worldwide Sales and Marketing at the end of Fiscal Year 2007.

(5) Stock Options. Column (j) relates to grants of non-qualified stock options made to the NEOs as part of the annual equity award grant and to two other awards that were delayed because of the restatement: (a) an option to purchase 100,000 shares of Company stock was awarded to Mr. Chukwu in connection with the commencement of his employment; and (b) an option to purchase 30,000 shares of Company stock was awarded to Mr. Kim in connection with his promotion to Vice President Worldwide Sales and Marketing.

(6) The per share exercise price of the non-qualified stock options is the closing market price of the Company s common stock on the grant date.

(7) The grant date fair values of NQ, RSA and PSU awards made in Fiscal Year 2008 were determined as follows:

Stock Option Awards. The NQ awards were valued on the grant date using the Black-Scholes pricing model for option valuation and based on the following assumptions:

Expected lives, in years	4.09
Estimated volatility	55.33%
Dividend yield	0.00%
Risk-free interest rate	4.68%

For additional information regarding the valuation of stock options, see Note 3 to the Directors Compensation Table above.

Restricted Stock Awards. The grant date fair values of RSAs were calculated by multiplying the closing market price of the Company s common stock on the date of grant by the number of shares granted.

Performance Stock Units. The PSU awards have a performance condition in addition to a service condition. The performance condition relates generally to the Company s revenue and operating income measured against certain internal goals. The grant date fair values of performance stock units were calculated by multiplying the closing market price of the Company s common stock on the date of grant by the number of units granted.

Description of Plan-Based Awards

Non-Equity Incentive Plan Awards

Bonus Plan Awards. The Bonus Plan provides participants, including the Chief Executive Officer and the Named Executive Officers, an opportunity to earn an annual cash incentive based on the performance of the Company, as measured by year-over-year improvement in operating income, and the performance of the individual participant during the fiscal year. Each participant is assigned a target award for the fiscal year (expressed as a percentage of the participant s annual base salary), and the target award is weighted 60% based on Company performance (the Organizational Performance Factor) and 40% based on individual performance (the Individual Performance Factor). The Compensation Committee establishes a scale to be used in determining the Organizational Performance Factor for each fiscal year and annually determines the target award percentages for the Named Executive Officers and reviews their performance. The Compensation Committee has discretion under the Bonus Plan to adjust awards upward or downward from the amounts otherwise provided by the formula.

The awards under the Bonus Plan are initially calculated under the supervision of the Chief Financial Officer. Before the calculated awards are presented to the Compensation Committee for its approval, the award for any particular participant may be adjusted, upward or downward, in the discretion of the Chief Executive Officer who may consider subjective criteria such as the participant s initiative, leadership, teamwork, judgment and creativity. All awards, including that for the Chief Executive Officer, may be similarly adjusted by the Compensation Committee Awards approved by the Compensation Committee are to be paid in cash within two and one-half months after the end of the fiscal year. Awards generally will only be paid to participants who are employed by the Company on the date awards are paid, or to the estates or beneficiaries of participants who have died while employed during the plan year. However, the Compensation Committee may approve prorated awards for participants who terminate employment during the plan year. The Bonus Plan is administered by the Compensation Committee, which has authority to interpret the plan, make rules and regulations relating to the plan, and to determine any factual question arising in connection with the operation of the plan.

Each payment under the Bonus Plan is subject to the right of the Company to recover the payment (and reasonable interest thereon) in the event that the Compensation Committee determines in good faith that the participant s fraud or misconduct has caused or partially caused the need for a material restatement of the Company s financial statements for the fiscal year to which the plan relates.

The full text of the Bonus Plan is attached as Exhibit 10.1 to the Company s Current Report on Form 8-K filed June 12, 2007.

Awards for Efforts in Fiscal Year 2008. For fiscal year 2008, the target award percentages for the Named Executive Officers were as follows: Mr. Maheswaran (125%), Mr. Chukwu (70%), Mr. Pohlman (70%), Mr. Wilson, (70%), and Mr. Kim (60%). The scale established by the Compensation Committee for determining the Organizational Performance Factor for fiscal year 2008 performance ranged from 0% of the target award amount for operating income less than 80% of the prior year s operating income, to 220% of the target award amount for operating income more than 231% of the prior year s operating income. In February 2008, the Compensation Committee reviewed the Company s performance for fiscal year 2008, which ended on January 27, 2008, in relation to the previously established scale. After considering each NEOs performance, the Compensation Committee approved incentive payouts under the plans to the NEOs. All payouts were made in cash in fiscal year 2009. The amount paid to each Named Executive Officer as an incentive award for efforts in fiscal year 2008 is presented in Column (g) of the Summary Compensation Table - Fiscal 2008. Also see the Annual Cash Incentive Award discussion under Compensation Discussion and Analysis .

Awards for Efforts in Fiscal Year 2009. For fiscal year 2009, the Compensation Committee increased Mr. Chukwu s target award percentage from 70% to 80% and increased Mr. Kim s target award percentage from 60% to 75%. The scale to be used in calculating the Organizational Performance Factor for fiscal year 2009 ranges from 0% of the target bonus amount for operating income less than 100% of the prior year s operating income, to 250% of the target award amount for operating income 250% or more of the prior year s operating income. The Organizational Performance Factor scale for fiscal year 2009 is included in the Company s Current Report on Form 8-K filed March 5, 2008. As indicated in the Compensation Discussion & Analysis section above, Mr. Maheswaran s cash incentive opportunity for fiscal year 2009 will be based on operating income growth, other financial achievements, and leadership. The Compensation Committee is evaluating the weighting to be applied to these items.

Equity Incentive Plan Awards

Performance Stock Units

Each performance stock unit award is subject to the terms and conditions of the 1998 Plan. The current form of award certificate applicable to the performance stock units is attached as Exhibit 10.4 of the Company s Current Report on Form 8-K filed on June 12, 2007.

Each PSU is a non-voting unit of measurement that is deemed, solely for the purpose of calculating payment, to be the equivalent of one share of the Company s common stock. The PSUs carry no voting rights or other stock ownership rights. The performance stock units awarded to the Named Executive Officers in fiscal year 2008 vest upon achievement of certain goals related to cumulative net revenue and cumulative operating income over a 2.75-year performance period ending with fiscal year 2010. The number of performance stock units that vest could range from 0% to 200% of the award, if the performance goals are surpassed by a specified margin. One half of any vested performance stock units will be payable in an equal number of shares of the Company s common stock; the other half will be payable in cash based on the closing price of the Company s common stock on the last day of the performance period.

The NEO generally has no right to pro-rata vesting if his services terminate before the vesting date at the end of the performance period. However, in the event of a termination due to death or disability (as defined in the applicable award certificate), the PSUs will continue to be eligible to vest on the last day of the performance period on a pro-rata basis. Any PSUs that would vest at the end of the performance period based on the attainment of the performance criteria will be pro-rated based on the number of whole months the NEO was employed during the performance period.

In the event of (a) certain mergers or similar reorganizations under which the Company does not survive (or does not survive as a public company in respect of its common stock) or (b) a change in control, as defined in the award certificate, then, unless the Compensation Committee has made a provision for the substitution, assumption, exchange or other continuation or settlement of the PSUs or the PSUs would otherwise continue in accordance with their terms, the performance period will terminate immediately prior to such event and the number of PSUs that vest will be determined based on achievement on the Company s actual performance for the shortened performance period and after pro-rating the performance goals set forth in the award certificate to reflect the shortened performance period.

All Other Stock Awards

Restricted Stock Awards

The restricted stock awards reported in column (i) of the table above are subject to the terms and conditions of the 1998 Plan. See The Long-Term Stock Incentive Plan in Note 3 to the Director Compensation Table above. Each award is subject to the terms and conditions of the applicable award certificate based on the Form of Long-Term Stock Incentive Plan Restricted Stock Award Certificate attached as Exhibit 10.3 to the Company s Current Report on Form 8-K filed on June 12, 2007.

Each share of restricted stock is a share of the Company s common stock that is subject to transfer restrictions and forfeiture. Subject to transfer restrictions and forfeiture conditions in the award certificate, the NEO has all of the rights of a shareholder with respect to the restricted shares, including voting rights and the right to receive cash dividends. Any cash dividends would be held by the Company until the vesting period lapses and are subject to the same forfeiture conditions as the underlying stock. The RSAs reported in the table above vest in three approximately equal annual installments beginning one year after the date of the award, subject to the continued employment of the NEO. Once vested, the restrictions are lifted.

Unvested RSAs (and related dividends) generally will be forfeited when the NEO leaves the Company. However, RSAs and related dividends will vest following a change in control if, within one year, the NEO is either terminated without cause or subject to a constructive termination , as those terms are defined in the 1998 Plan. By accepting the award, the NEO authorizes the Company to withhold shares otherwise payable to the NEO in order to satisfy tax obligations arising upon vesting.

All Other Option Awards

Stock Option Awards

The non-qualified stock options reported in column (j) of the table above are subject to the terms and conditions of the 1998 Plan. See The Long-Term Stock Incentive Plan in Note 3 to the Director Compensation Table above. Each award is subject to the terms and conditions of the applicable award certificate based on the Form of Long-Term Stock Incentive Plan Option Award Certificate attached as Exhibit 10.2 to the Company s Current Report on Form 8-K filed on June 12, 2007.

The NQs reported in the table above were granted with a per-share exercise price equal to the closing market price of the Company s common stock on the grant date and vest in three approximately equal annual installments beginning one year after the date of the award, subject to the continued employment of the NEO. Once vested, an NQ will generally remain exercisable until its normal expiration date, the sixth anniversary of the grant date. However, vested stock options may terminate earlier in connection with a change in control transaction

Unvested options will terminate immediately when the NEO leaves the Company. NEOs will generally have 30 days to exercise vested NQs following departure from the Company, except there is a 90 day exercise period in the case of retirement (voluntary cessation of employment upon the attainment of age 65 and with 20 years of service) and a one year exercise period in the case of death or disability. None of the NEOs meets the eligibility requirements for retirement or will meet the requirements in the current fiscal year.

The NQs will vest and become exercisable following a change in control only if, within one year, the NEO either is terminated without cause or subject to a constructive termination , as those terms are defined in the 1998 Plan.

Outstanding Equity Awards at Fiscal 2008 Year-End

The following table presents information regarding the outstanding equity awards held by each Named Executive Officer as of January 27, 2008.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2008

(split-adjusted)

	Option Awards					Stock Awards			
Name (a)	Number of Securities Underlying Unexercised Options # Exercisable (b)	Number of Securities Underlying Unexercised Options # Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options # (d)	Option Exercise Price $ (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested # (g)	Market Value of Shares or Units of Stock That Have Not Vested $ (h) (6)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested # (i)	Equity Incentive Plan Awards: Market or Payout value of Unearned Shares, Units or Other Rights that Have Not Vested # (j) (6)
Mr. Maheswaran									
6/6/2007 - NQ (4)		50,000		$ 16.14	06/06/13				
6/6/2007 - RSA (1)						20,000	248,800		
6/6/2007 - PSU (2)								60,000	746,400
4//3/2006 - NQ (3)			250,000	$ 17.89	04/03/12				
4/3/2006 - NQ (4)	62,500	187,500		$ 17.89	04/03/12				
4/3/2006 - RSA (5)						56,250	699,750		
	62,500	237,500	250,000			76,250	$ 948,550	60,000	$ 746,400
Mr. Chukwu									
6/6/2007 - NQ (4)		121,000		$ 16.14	06/06/13				
6/6/2007 - RSA (1)						45,000	559,800		
6/6/2007 - PSU (2)								15,000	186,600
		121,000				45,000	$ 559,800	15,000	$ 186,600
Mr. Kim									
6/6/2007 - NQ (4)		48,000		$ 16.14	06/06/13				
6/6/2007 - RSA (1)						40,000	497,600		
6/6/2007 - PSU (2)								10,000	124,400
9/29/2005 - NQ (4)	9,000	9,000		$ 15.54	09/29/15				
8/18/2004 - NQ (4)	11,250	3,750		$ 17.48	08/08/14				
5/20/2004 - NQ (4)	15,000	5,000		$ 22.13	05/20/14				
8/21/2003 - NQ (4)	15,000			$ 17.35	08/21/13				
12/5/2002 - NQ (3)	20,000			$ 13.03	12/05/12				
8/29/2002 - NQ (4)	10,000			$ 14.05	08/29/12				
10/03/2001 - NQ (4)	10,000			$ 25.67	10/03/11				
12/22/2000 - NQ (4)	15,000			$ 15.375	12/22/10				
8/4/1999 - NQ (4)	29,418			$ 14.00	08/04/09				
	134,668	65,750				40,000	$ 497,600	10,000	$ 124,400

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2008

(split-adjusted)

	Option Awards					Stock Awards			
Name (a)	**Number of Securities Underlying Unexercised Options # Exercisable (b)**	**Number of Securities Underlying Unexercised Options # Unexercisable (c)**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options # (d)**	**Option Exercise Price $ (e)**	**Option Expiration Date (f)**	**Number of Shares or Units of Stock That Have Not Vested # (g)**	**Market Value of Shares or Units of Stock That Have Not Vested $ (h) (6)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested # (i)**	**Equity Incentive Plan Awards: Market or Payout value of Unearned Shares, Units or Other Rights that Have Not Vested # (j) (6)**
Mr. Pohlman									
6/6/2007 - NQ (4)		32,000		$ 16.14	06/06/13				
6/6/2007 - RSA (1)						12,500	155,500		
6/6/2007 - PSU (2)								12,500	155,500
9/29/2005 - NQ (4)	25,000	25,000		$ 15.54	09/29/15				
8/18/2004 - NQ (4)	33,750	11,250		$ 17.48	08/18/14				
8/21/2003 - NQ (4)	40,000			$ 17.35	08/21/13				
8/29/2002 - NQ (4)	40,000			$ 14.05	08/29/12				
10/3/2001 - NQ (4)	15,000			$ 25.67	10/03/11				
12/22/2000 - NQ (4)	20,000			$ 15.375	12/22/10				
5/11/2000 - NQ (4)	60,000			$ 25.875	05/11/10				
2/18/1999 -NQ (4)	56,268			$ 6.78	02/18/09				
	290,018	68,250				12,500	$ 155,500	12,500	$ 155,500
Mr. Wilson									
6/6/2007 - NQ (4)		25,000		$ 16.14	06/06/13				
6/6/2007 - RSA (1)						12,500	155,500		
6/6/2007 - PSU (2)								12,500	155,500
9/29/2005 - NQ (4)	20,000	20,000		$ 15.54	09/29/15				
8/18/2004 - NQ (4)	30,000	10,000		$ 17.48	08/18/14				
8/21/2003 - NQ (4)	50,000			$ 17.35	08/21/13				
8/29/2002 - NQ (4)	50,000			$ 14.05	08/29/12				
2/25/2002 - NQ (4)	15,000			$ 29.11	02/25/12				