KULICKE & SOFFA INDUSTRIES INC
Form DEF 14A
December 30, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

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

Check the appropriate box:

o	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material Pursuant to §240.14a-12

KULICKE AND SOFFA INDUSTRIES, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(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):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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6 Serangoon North, Avenue 5, #03-16, Singapore 554910

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS February 8, 2011

THE ANNUAL MEETING OF SHAREHOLDERS OF KULICKE AND SOFFA INDUSTRIES, INC. (the Company) will be held on Tuesday, February 8, 2011, at 4:30 p.m. (Pacific Time) at the Fairmont Newport Beach, 4500 MacArthur Boulevard, Newport Beach, California 92660, for the following purposes:

1. To elect Mr. Bruno Guilmart and Mr. Barry Waite as directors to serve until the 2015 Annual Meeting;
2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending October 1, 2011;
3. To hold an advisory vote on the overall compensation of the Company s named executive officers as described in the Compensation Discussion and Analysis and the accompanying tabular and narrative disclosure as included herein;
4. To hold an advisory vote on the frequency of the advisory vote on executive compensation; and
5. To transact such other business as may properly come before the annual meeting.

The board of directors has fixed the close of business on December 13, 2010 as the record date for the determination of holders of common shares entitled to notice of and to vote at the annual meeting.

All shareholders are cordially invited to attend the annual meeting, but whether or not you expect to attend the annual meeting in person, we encourage you to vote promptly. You may vote your shares using a toll-free telephone number, over the Internet, or, if you request a paper copy of the proxy card, by signing and dating it and returning it promptly. If you attend the annual meeting, you may (but do not have to) revoke your proxy and vote in person.

By Order of the Board of Directors
SUSAN WATERS
Secretary

December 30, 2010

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6 Serangoon North, Avenue 5, #03-16, Singapore 554910

PROXY STATEMENT

December 30, 2010

The enclosed proxy is solicited by the board of directors of Kulicke and Soffa Industries, Inc. (the Company). As permitted by rules adopted by the Securities and Exchange Commission (the SEC), the Company is making its proxy statement and its 2010 Annual Report to Shareholders (which includes the Company s Annual Report on Form 10-K) available electronically via the Internet. On December 30, 2010, the Company mailed to its shareholders a Notice of Internet Availability of Proxy Materials (the Notice) containing instructions on how to access this proxy statement and the Company s annual report and how to vote online. Shareholders who received the Notice will not receive a printed copy of the proxy materials in the mail unless they so request. If you would like to receive a printed copy of the Company s proxy materials, please follow the instructions included in the Notice.

Voting and Revocability of Proxies

Our board of directors has fixed the close of business on December 13, 2010 as the record date for determining the shareholders entitled to vote at the Company s 2011 annual meeting of shareholders. As of the record date, there were 70,990,861 of the Company s common shares outstanding. Each common share is entitled to one vote on all matters presented at the meeting.

When voting is properly authorized over the Internet or by telephone, or proxies are properly dated, executed and returned, the common shares so represented will be voted at the annual meeting in accordance with the instructions of the shareholder. If no specific instructions are given on a proxy executed by a shareholder of record, the common shares will be voted **FOR** the: (1) election of Mr. Bruno Guilmart and Mr. Barry Waite as directors; (2) ratification of the appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for the fiscal year ending October 1, 2011; (3) approval, on a non-binding basis, of the compensation of the Company s named executive officers as described in the Compensation Discussion and Analysis and the tabular disclosure together with the accompanying tabular and narrative disclosure as included in this proxy statement; and (4) holding of an advisory vote, on a non-binding basis, on the frequency of the advisory vote on the Company s executive compensation. A shareholder may revoke a proxy at any time before its use by (a) delivering a later executed proxy or written notice of revocation to the Secretary of the Company, (b) by attending the annual meeting and giving notice of such revocation or (c) granting a subsequent proxy by Internet or telephone. Attendance at the annual meeting does not by itself constitute revocation of a proxy.

The presence of a majority of the common shares entitled to vote at the annual meeting, represented in person or by proxy, constitutes a quorum. If a quorum is present, (1) the nominees for director receiving the highest number of votes cast at the annual meeting will be elected and (2) the affirmative vote of a majority of the total votes cast by all shareholders entitled to vote at the annual meeting will be required to ratify Item 2. The advisory votes to approve the compensation of the Company s named executive officers and to determine the frequency of the advisory vote set forth in Item 3 are not binding on the Company. However, the Company will consider the results of these advisory votes in making future decisions on the Company s compensation policies, the compensation of the Company s executives and the frequency of future advisory votes on executive compensation.

Under the rules that govern brokers and nominees who have record ownership of shares that are held in street name for account holders (who are the beneficial owners of the shares), brokers and nominees typically have the discretion to vote such shares on routine matters, but not on non-routine matters. If a broker or nominee has not received voting instructions from an account holder and does not have discretionary authority to vote shares on a particular item because it is a non-routine matter, a broker non-vote occurs.

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Under the rules governing brokers, an uncontested director election is considered a non-routine matter for which brokers do not have discretionary authority to vote shares held by an account holder. Additionally, as required by Section 957 of the recently adopted Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act), advisory votes on executive compensation and on the frequency of such votes are also considered non-routine matters for which brokers do not have discretionary authority to vote shares held by account holders. The ratification of our auditors is considered a routine matter.

Abstentions, the withholding of authority to vote or the specific direction not to cast a vote, such as a broker non-vote, will not constitute the casting of a vote on any matter. Consequently, abstentions and broker non-votes have no effect on the outcome of the vote for the election of directors because only the number of votes cast for each nominee is relevant. Additionally, abstentions and broker non-votes have no effect on the outcome of Items 3 and 4 because only the number of votes cast for or against are relevant and in any event, these Items are non-binding. Any proxies submitted without voting instructions for Item 3 or Item 4 will be voted **FOR** the approval of the overall compensation of the Company s named executive officers and **FOR** an annual advisory vote on executive compensation, respectively.

How You Can Vote

Shareholders of record may vote by any of the following methods:

Voting by internet. The website for internet voting is on the Notice, and voting is available 24 hours a day.
Voting by telephone. The toll-free telephone number for voting is on the proxy card, and voting is available 24 hours a day.
Voting by mail. If you choose to receive a printed copy of the proxy materials, you may vote by mail by marking the proxy card enclosed with the proxy statement, dating and signing it, and returning it in the postage-paid envelope provided.

Shareholders who hold their shares through a broker (in street name) must vote their shares in the manner prescribed by their broker.

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ITEM 1 ELECTION OF DIRECTORS

The board of directors has nominated Mr. Bruno Guilmart and Mr. Barry Waite for re-election at the annual meeting to serve until the 2015 annual meeting and until their successors have been duly elected and qualified. Shareholders have the right to cumulate votes in the election of directors (i.e. each shareholder may multiply the number of votes the shareholder is entitled to cast by the total number of directors to be elected and cast the whole number of votes for one candidate or distribute them among some or all candidates). By signing the proxy card, authority is given to the persons named as proxies to cumulate votes in their discretion. Shareholders, however, can withhold discretionary authority to cumulate votes on the proxy card or cumulate votes for any director by indicating so on the proxy card. If either Mr. Guilmart or Mr. Waite should be unable to serve as director at the time of the election, the persons named as proxies in the proxy may vote the proxies for any other individual (or individuals, as applicable) as they may choose, unless the board of directors determines that no director should be elected at the annual meeting.

The following table provides information concerning Mr. Guilmart and Mr. Waite, as well as the other directors of the Company, the executive officers of the Company named in the beneficial ownership table below (referred to in the table below as the Named Executive Officers), and the executive officers and directors of the Company as a group. In addition to the information presented below regarding each director and director nominee s specific experience, qualifications, attributes and skills that led the Company to conclude that he should serve as a director, the Company also believes that all of its directors and director nominees have significant leadership experience derived from their professional experience and have a reputation for integrity and honesty and adhere to high ethical standards. The process undertaken by the Company s Nominating and Governance Committee in recommending qualified director candidates is described below under the heading Nominating and Governance Committee on page 42. Unless otherwise specified, the directors have held the positions indicated (including directorships) for at least five years. To the knowledge of the Company, each of the persons listed below has sole voting and investment power with respect to their beneficial ownership (as defined by Rule 13d-3 under the Securities Exchange Act of 1934, or the Exchange Act) of the Company s common shares identified in the table below, unless otherwise indicated. Unless otherwise indicated, each person below has an address of c/o Kulicke and Soffa Industries, Inc., 1005 Virginia Drive, Fort Washington, PA 19034.

Name, Age and Occupation	Director/Officer Since	Present Term Expires	Common Shares Beneficially Owned On December 13, 2010 Number(1)	Percent
Directors Nominated for Re-Election				
Bruno Guilmart (49) Mr. Guilmart has served as the Company s President and Chief Executive Officer since October 1, 2010. From June 2008 until his resignation to join the Company, Mr. Guilmart served as President, Chief Executive Officer and Director of Lattice Semiconductor Corporation a developer of programmable logic devices and related software. From August 2007 until June 2008, Mr. Guilmart served as Chief Executive Officer of Unisem (M) Berhad Group, a provider of semiconductor assembly and test services. From September 2003 to August 2007, Mr. Guilmart served as President, Chief Executive Officer and Director of Advanced Interconnect Technologies, Inc., a	2010	2011	503,965	*

provider of custom wafer bumping services to semiconductor wafer fabrication and chip packaging businesses. Before joining Advanced Interconnect Technologies, Inc., Mr. Guilmart was Vice President of Worldwide Sales for Chartered Semiconductor Manufacturing, Ltd. Mr. Guilmart also has held senior management and business development positions at Cadence Design Systems, Temic Semiconductors and Hewlett-Packard Company. Mr. Guilmart also served as Director of Chartered Silicon Partners, a subsidiary of Chartered Semiconductor Manufacturing, Ltd., from 2001 to 2003.

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Name, Age and Occupation	Director/ Officer Since	Present Term Expires	Common Shares Beneficially Owned On December 13, 2010 Number[(1)]	Percent
Director Qualifications: In determining that Mr. Guilmart should serve as a director of the Company, the board of directors considered his achievement as an executive officer of several corporations operating in the semiconductor industry and the breadth of knowledge of the industry gained by those experiences. Mr. Guilmart also provides the perspective of a chief executive officer of three semiconductor industry companies, including the Company.				
Barry Waite (62) From May 1998 until his retirement in May 2002, Mr. Waite served as President and Chief Executive Officer of Chartered Semiconductor Manufacturing, Ltd, a major wafer foundry. From 1982 to 1998, Mr. Waite held positions of increasing responsibility with Motorola Corporation, Semiconductor Products Sector, including Senior Vice President and General Manager, Europe, Middle East and Africa (1997 to 1998) and Senior Vice President and General Manager Microprocessor and Memory Technology Group (1993 to 1997). Mr. Waite also serves as a director of Innovative Micro Technology and GlobalFoundries, and is senior advisor to Investor Growth Capital, an investment fund, and to Advanced Technology Investment Company, which is wholly-owned by the Abu Dhabi government for the purpose of investing in the advanced technology sector. Mr. Waite also previously served as a director to ZETEX PLC, a manufacturer of analog semiconductor products. Director Qualifications: In determining that Mr. Waite should serve as a director of the Company, the board of directors considered Mr. Waite s record of achievement during his 40 year career in the semiconductor industry at all levels of management, culminating with his tenure as President and Chief Executive Officer at Chartered Semiconductor Manufacturing, Ltd, a major wafer foundry.	2003	2011	69,926	*
Continuing Directors				
Brian R. Bachman (65) Mr. Bachman is a private investor and has served as the Managing Partner of River Farm LLC since 2004, which provides advisory services and is an agricultural business. From 2000 to 2002, Mr. Bachman served as Chief Executive Officer and Vice Chairman of Axcelis Technologies, which produces equipment used in the fabrication of semiconductors. Mr. Bachman also serves as a director of Trident Microsystems Inc. He formerly served as a director of Ultra Clean Technologies from 2004 to 2009, and Keithley Instruments from	2003	2012	82,790	*

1996 to 2010.

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Name, Age and Occupation	Director/Officer Since	Present Term Expires	Common Shares Beneficially Owned On December 13, 2010 Number[1]	Percent
Director Qualifications: In determining that Mr. Bachman should serve as a director of the Company, the board of directors considered Mr. Bachman s executive leadership experience at semiconductor, semiconductor equipment and other high technology businesses, culminating with his role as Chief Executive Officer and Vice Chairman of Axcelis Technologies, which produces equipment in the fabrication of semiconductors. The board of directors also considered Mr. Bachman s 15 years of service as a director at publicly-listed small and mid-cap technology companies. Finally, the board of directors considered his continuing education in corporate governance with the Harvard Improving Corporate Governance Program in 2008 and Compensation Committee Program in 2010.				
John A. O Steen (66) Mr. O Steen served as Executive Vice President, Business Development of Cornerstone Brands, Inc., a consumer catalog company from March 2003 until his retirement in May 2004. From 1998 to 2003, Mr. O Steen served as Executive Vice President of Cornerstone Brands, Inc. From 1991 to 1998, Mr. O Steen served as Chairman and Chief Executive Officer of Cinmar, L.P., a mail order catalog company that was acquired by the predecessor of Cornerstone Brands in September 1995. Before that time, Mr. O Steen served as President, Chief Executive Officer and a director of Cincinnati Microwave, Inc., a manufacturer of electronic products. Mr. O Steen also serves as a director of Riggs Heinrich Media, Inc. Director Qualifications: In determining that Mr. O Steen should serve as a director of the Company, the board of directors considered his experience as President and Chief Executive Officer of Cincinnati Microwave, and as Chairman and Chief Executive of Cinmar, L.P., as well in senior leadership roles at numerous other companies.	1988	2014	157,953	*
Garrett E. Pierce (64) Mr. Pierce has served as Vice Chairman and Chief Financial Officer of Orbital Sciences Corporation, a developer and manufacturer of small rockets and space systems, since April 2002 and as a member of its board of directors since August 2000. Between August 2000 and April 2002, he was Executive Vice President and Chief Financial Officer of Orbital Sciences Corporation. From 1996 until August 2000, Mr. Pierce was Executive Vice President and Chief Financial Officer of Sensormatic Electronics Corp., a producer of electronic surveillance systems, and in July 1998 was also named its Chief Administrative Officer. Before that, Mr. Pierce was the Executive	2005	2013	90,556	*

Vice President and Chief Financial Officer of California Microwave, Inc. He has also served as Chief Financial Officer, President and Chief Executive Officer of Materials Research Corporation, acquired by Sony Corporation in 1989. From 1972 to 1980, Mr. Pierce held various management positions with The Signal Companies.

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Name, Age and Occupation	Director/Officer Since	Present Term Expires	Common Shares Beneficially Owned On December 13, 2010 Number[(1)]	Percent
Director Qualifications: In determining that Mr. Pierce should serve as a director of the Company, the board of directors considered his approximately 26 years experience as a chief financial officer of publicly-traded, technology-based businesses. Mr. Pierce also has approximately 14 years experience in the semiconductor equipment industry, as both a chief financial officer and a chief executive officer. The board of directors also considered that Mr. Pierce is currently the chief financial officer of a publicly-traded technology company and is a certified public accountant.				
MacDonell Roehm, Jr. (71) Mr. Roehm was appointed Chairman of the Board of the Company when the Company separated the roles of Chairman of the Board and Chief Executive Officer in May 2010. Mr. Roehm is Chairman and Chief Executive Officer of Crooked Creek Capital LLC, a provider of strategic, operational and financial restructuring services, a position he has held since 1998. In addition, Mr. Roehm is a director of Next Capital International, an Australian private equity fund, a position he has held since 2009. From September 2002 to April 2003, Mr. Roehm also served as Chief Executive Officer of CH4 Gas Limited, a natural resources company. From 2000 to 2001, Mr. Roehm served as Chairman and Chief Executive Officer of Mackenzie-Childs Ltd., a manufacturer and retailer of furniture and home accessories. From 1999 to 2007, Mr. Roehm also served as Chairman of Australian Ventures LLC, a private equity fund. From 1994 until 1998, Mr. Roehm served as Chairman, President and Chief Executive Officer of Bill s Dollar Stores, Inc., a chain of retail convenience stores. Before that time, he served as Managing Director of AEA Investors, Inc., a private investment firm. Mr. Roehm previously served as a director of CH4 Gas Limited. Director Qualifications: In determining that Mr. Roehm should serve as a director of the Company, the board of directors considered his experience of serving as chief executive officer of companies in a variety of industries and the skills, knowledge and perspective gained from executive and director roles at private equity and investment firms.	1984	2014	141,953	*
C. William Zadel (67) In December of 2004, Mr. Zadel retired from Mykrolis Corporation. From August of 2001 until December of 2004, Mr. Zadel was Chairman and Chief Executive Officer of Mykrolis Corporation, a multinational company focused on developing, manufacturing and marketing technically advanced filtration, purification and control	1989	2013	121,804	*

products for the global semiconductor industry. Mykrolis is the former microelectronics division of Millipore Corporation. Before becoming Chief Executive Officer of Mykrolis at its separation from Millipore in August 2001, Mr. Zadel was Chairman and Chief Executive Officer of Millipore since April of 1996. Mr. Zadel also serves as a director of CIRCOR International, Inc. and previously served as a director of Matritech, Inc.

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Name, Age and Occupation	Director/Officer Since	Present Term Expires	Common Shares Beneficially Owned On December 13, 2010 Number(1)	Percent
Director Qualifications: In determining that Mr. Zadel should serve as a director of the Company, the board of directors considered his tenure as chief executive officer of a global manufacturer of products used in the semiconductor industry. The board of directors also considered his completion of continuing director education programs concerning corporate governance and compensation matters.				
Named Executive Officers				
Christian Rheault (45) Senior Vice President, Business Operations Mr. Rheault was appointed Senior Vice President, Business Operations in November 2010 after serving as Senior Vice President, Marketing from November 2007 until November 2010. Before that, Mr. Rheault served as Vice President, Equipment Segment from 2006 to November 2007, Vice President and General Manager of the Company s Ball Bonder Business Unit and Director of Strategic Marketing and Vice President, General Manager of the Microelectronics Business Unit. Mr. Rheault holds an Electrical Engineering degree from Laval University, Canada and a DSA (Business Administration Diploma) from Sherbrooke University, Canada.	2005		200,426	*
Charles Salmons (55) Senior Vice President, Engineering Mr. Salmons has served as Senior Vice President, Engineering since March 2008, after serving as Senior Vice President, Acquisition Integration (September 2006 to March 2008), Senior Vice President, Wafer Test (November 2004 to September 2006), Senior Vice President, Product Development (September 2002 to November 2004), Senior Vice President Operations (1999 to 2004), General Manager, Ball Bonder operations (1998 to 1999), and Vice President of Operations (1994 to 1998). Mr. Salmons holds a Bachelor of Arts degree in Economics from Temple University and a Masters in Business Administration degree from LaSalle University.	2008		177,426	*
Shay Torton (49) Senior Vice President, Worldwide Operations Mr. Torton has served as Senior Vice President, Worldwide Operations since 2009, after serving as Vice President, Worldwide Operations and Supply Chain (2005 to 2009), Vice President, China Operations and K&S Suzhou General Manager (2002 to 2005), Vice President and General Manager, Materials Business Unit (2001 to 2002), K&S Bonding Wire Unit Managing Director Singapore (1997) and General Manager, K&S Bonding Wire-U.S. (1996). Mr. Torton holds a Bachelor of Science degree in Industrial Engineering and Management	2005		115,187	*

from the Israel Institute of Technology.

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Name, Age and Occupation	Director/Officer Since	Present Term Expires	Common Shares Beneficially Owned On December 13, 2010 Number[(1)]	Percent
Former Named Executive Officers				
C. Scott Kulicke (61)** Former Chief Executive Officer and Chairman of the Board Mr. Kulicke served as the Company s Chairman of the Board from 1984 until the Company separated the roles of Chairman of the Board and Chief Executive Officer in May 2010 and Chief Executive Officer of the Company from 1980 until his retirement in September 2010.	1975		1,200,509[(2)]	1.7 %
Michael J. Morris (41)** Former Vice President and Chief Financial Officer Mr. Morris joined the Company in October 2006. Mr. Morris served as Vice President and Chief Financial Officer from August 2009 until December 12, 2010, when the position was moved to Singapore. He previously served as Vice President of Finance and Treasurer. Before joining the Company in October 2006, Mr. Morris was Assistant Treasurer at Constellation Energy Group. Prior to joining Constellation in 2005, Mr. Morris held various positions of increasing responsibility at the Treasurer s Office of General Motors. Mr. Morris holds a Bachelor of Arts degree in Economics from the University of Pennsylvania and a Masters in Business Administration from the University of Michigan.	2006		83,402	*
All directors, nominees and current executive officers as a group (13 persons)			1,952,920[(3)]	2.8 %

* Less than 1.0%

** Mr. Kulicke retired from the Company effective September 30, 2010. Mr. Morris resigned from his position of Vice President and Chief Financial Officer effective December 12, 2010.

(1) Includes or consists of shares subject to outstanding options that are currently exercisable or exercisable within 60 days after December 13, 2010 in the following amounts: Mr. Guilmart (0); Mr. Waite (30,000); Mr. Bachman (30,000); Mr. O Steen (60,000); Mr. Pierce (20,000); Mr. Roehm (60,000); Mr. Zadel (60,000); Mr. Rheault (104,850); Mr. Salmons (110,529); Mr. Torton (81,750); Mr. Kulicke (498,500) and Mr. Morris (51,150).

(2) Includes shares jointly held with the individual s spouse in the following amounts: Mr. Kulicke (657,562).

(3) Includes 557,129 shares subject to options that are currently exercisable or exercisable within 60 days after December 13, 2010.

Other Executive Officers

Jonathan H. Chou (46)

Senior Vice President, Chief Financial Officer and Principal Accounting Officer

Mr. Chou was appointed Senior Vice President and Chief Financial Officer effective December 13, 2010 and was appointed Principal Accounting Officer effective December 22, 2010. From April 2008 until his resignation to join the

Company, Mr. Chou served as Chief Financial Officer of Feihe International, Inc. (f/k/a American Dairy, Inc.). From February 2006 to June 2007, Mr. Chou served as the Asia Pacific Corporate Chief Financial Officer and Vice President of Mergers & Acquisitions for Honeywell International. From September 2003 to January 2006, Mr. Chou served as the Asia Regional Chief Financial Officer of Tyco Fire & Security (ADT), a division of Tyco International. From May 2000 to September 2003, Mr. Chou held several senior finance positions at Lucent Technologies including Asia Pacific Chief Financial Officer. Mr. Chou received a bachelor s degree from the State University of New York at Buffalo and a Master of Business Administration degree from Fuqua School of Business at Duke University.

Tek Chee Mak (56)

Vice President, Worldwide Sales

As Vice President, Worldwide Sales, T.C. Mak leads the Company s global sales force and customer service organization. Mr. Mak has served as Vice President, Worldwide Sales, since September 2006 after serving as Vice President of Sales for the Equipment and Expendable Tools businesses since November 2004. Prior to that time, he served as Vice President of Asia Sales since February 2001. Mr. Mak was educated in Hong Kong and holds a Higher Diploma in Electronic Engineering from Hong Kong Polytechnic University.

David J. Anderson (44)

Vice President and General Counsel

Mr. Anderson joined the Company in February 2004 as Vice President and General Counsel. He is the Company s chief legal officer. Prior to joining the Company, Mr. Anderson was General Counsel at InvestorForce, a provider of software solutions to institutional investors. Before InvestorForce, Mr. Anderson was a corporate lawyer in private practice in Philadelphia. Mr. Anderson is a graduate of Rutgers University and the Syracuse University College of Law.

THE BOARD OF DIRECTORS RECOMMENDS VOTING FOR THE ELECTION OF MR. BRUNO GUILMART AND MR. BARRY WAITE AS DIRECTORS.

ITEM 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the board of directors has appointed PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for the fiscal year ending October 1, 2011. The ratification of the appointment of the independent registered public accounting firm by the shareholders is not required by law or by the Company s By-laws. Traditionally, the Company has submitted this matter to the shareholders for ratification and believes that it is good practice to continue to do so. If a majority of the votes cast on this matter are not cast in favor of the reappointment of PricewaterhouseCoopers LLP, the Audit Committee will reconsider its appointment.

A representative of PricewaterhouseCoopers LLP is expected to be present at the annual meeting to make a statement if he or she so desires and will be available to respond to any appropriate questions.

THE BOARD OF DIRECTORS RECOMMENDS VOTING FOR RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

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COMPENSATION OF EXECUTIVE OFFICERS

Compensation Discussion & Analysis

Introduction

The purpose of the Compensation Discussion and Analysis section of this proxy statement is to explain to shareholders how and why compensation decisions are made for the executive officers listed in the Summary Compensation Table below (referred to in this section as the executives or executive officers). For fiscal 2010, the Company s named executive officers were Bruno Guilmart, C. Scott Kulicke, Michael J. Morris, Christian Rheault, Charles Salmons and Shay Torton.

Executive Summary

The Management Development and Compensation Committee of the Company s board of directors (the Committee) has implemented an officer compensation program that rewards performance. Cash incentive compensation is measured primarily by return on invested capital. Two-thirds of the equity compensation awarded to senior vice presidents has been performance-based. The Committee also believes that compensation programs must be competitive in order to attract and retain high performance executives. The compensation program is designed to result in median pay (compared to a peer group of companies) for median performance, above median pay for above median performance and below median pay for below median performance.

Fiscal 2010 compensation was driven by one of the most successful years in the Company s history. Management had positioned the Company to capitalize on a strong industry business cycle by: (i) continually refining a strong and flexible manufacturing model, which allowed for market share increases in the cyclical upturn; (ii) developing an industry-leading ball bonding solution for copper wire, which resulted in leading market share as more of the industry shifted from expensive gold wire to copper wire; and (iii) aggressively pursuing market share increases in bonders configured for light emitting diode (LED) applications. The Company saw sequential revenue and profit growth in all four quarters of fiscal 2010. Revenue and profit from continuing operations in the fourth quarter of fiscal 2010 were the highest in the Company s history. The Company shipped more ball bonders (the Company s primary product) in the fourth fiscal quarter of fiscal 2010 than it had in any prior quarter in the Company s history. Quarterly return on invested capital (ROIC) in fiscal 2010 quarters one through four was 35%, 41%, 73% and 70%, respectively. All of this success resulted in higher pay for Company executives, primarily in the form of incentive pay under the Company s Officer Incentive Compensation Plan.

In contrast, when Company results were poor in the first half of fiscal 2009 in the midst of an industry downturn, the Committee reduced the chief executive officer s base salary by 20% and the other executive officers base salaries by 15%. Executive officers did not earn incentive compensation in the first three quarters of fiscal 2009. Salaries were restored in the fourth quarter of fiscal 2009 only when business improved.

The Committee strives to align its compensation practices to performance, median pay practices in the Company s industry and prudent risk taking to achieve sustainable shareholder value creation.

Roles of the Management Development and Compensation Committee of the Board of Directors and the Company s Officers in Compensation Decisions

The Committee is responsible for establishing the Company s compensation policies, setting base salaries for officers and reviewing and approving the Company s incentive compensation plans and equity based compensation plans for all eligible employees. Pursuant to the Committee s charter, it must consist of three independent members of the board of directors. Currently, Brian Bachman (Chair), John O Steen and C. William Zadel serve as members of the Committee. The Committee annually reviews the Company s compensation philosophy and policies, the goals and objectives of the Company with respect to executive compensation and the performance of each executive officer, and establishes the executive officers compensation. Additionally, the Committee reviews and approves all employment agreements, executive severance arrangements, change of control agreements, inducement grants to new officers, and the amount and form of compensation to be paid to directors for serving on the board of directors and its committees. The Committee meets at least quarterly and all decisions of the Committee must be approved by a majority of its members. The Committee met ten times in fiscal 2010.

The Committee selected and retained Radford, an AON Consulting company, as an independent consultant on compensation issues. The Committee engaged Radford to provide the Committee peer group analysis, survey data and counsel on compensation trends and issues. In fiscal 2010, Radford received $72,902 for survey data and compensation consulting services to the Committee. In addition, the Company uses AON Consulting for risk management and insurance brokerage services, and AON was paid $128,644 for those services in fiscal 2010. The Company also used AON pension consulting services in connection with the termination of the Company s defined benefit pension plan in fiscal 2008, and paid AON pension consulting fees of $117,000 in fiscal 2008. Neither the Company s President and Chief Executive Officer (CEO) nor any other member of management has a role in selecting the Committee s compensation consultant. The Committee reviewed the engagements of an AON company for risk management, insurance and pension matters, which were recommended by the Company s management, and approved them after concluding that these engagements do not compromise Radford s independence as a compensation consultant.

The CEO, the vice president responsible for human resources, and the Director, Global Compensation and Benefits consult with the Committee on compensation matters for executive officers. Annually, the CEO, the vice president responsible for human resources and the Director, Global Compensation and Benefits provide recommendations to the Committee for specific levels of base salary, as well as target levels for cash incentive payments and equity compensation for each executive officer (excluding the CEO). The recommendations are based upon assessments of individual performance, the individual s potential to contribute to the Company s success in the future as determined by the CEO, and by reference to the peer group and survey data discussed below. Cash incentive payments may be made pursuant to the Company s Officer Incentive Compensation Plan and are based on return on invested capital (ROIC) targets and on achievement of individual performance objectives. The CEO and Chief Financial Officer (CFO) calculate and recommend ROIC targets to the Committee. Each quarter, the CEO and the other executive officers meet to score each executive officer s achievement of his individual performance objectives for the prior quarter and to establish individual performance objectives for the coming quarter. The Committee meets with the CEO each quarter to score the CEO s objectives and review the other executive officers achievement of individual performance objectives. Mr. Guilmart, the CEO, negotiated his own compensation with the Committee before joining the Company on October 1, 2010. Under the terms of Mr. Guilmart s offer letter, his performance targets under the Company s Officer Incentive Compensation Program are determined by the Committee after consultation with him.

Goals and Objectives of the Compensation Program; What Is the Compensation Program Designed to Reward?

The Committee seeks to achieve a pay for performance culture through the Company s executive compensation program with the following goals:

- motivate executives to create shareholder value;
- align the executives and shareholders interests; and
- attract, reward and retain high performance executives.

The Committee evaluates the Company s compensation program at least annually to ensure that compensation programs are aligned with the goals of the Company, compensation opportunities provided to key executives are competitive with the compensation packages provided to similarly situated executives in the Company s peer group, and compensation opportunities are motivating executives to take the actions necessary to create shareholder value. The Committee seeks to foster a performance-oriented environment by making a significant portion of each executive s cash and equity compensation conditioned on the achievement of performance targets that the Committee believes will drive shareholder value creation. For fiscal 2010, these performance targets included ROIC and individual objectives that drive achievement of strategic goals.

Design of the Compensation Program

The design of the Company s executive compensation program has two principal aspects:

- establishing a targeted total direct compensation amount that is competitive within our industry; and
- establishing for each individual executive the appropriate mix of base salary and cash and equity incentive compensation tied to performance goals and the value of the Company s common stock.

Total Direct Compensation (TDC)

The Committee establishes a targeted TDC amount for each executive officer based on a number of factors, including performance, level of responsibility within the Company, experience, potential to contribute to the Company s future success in the executive s current role or in an expanded role, and pay levels for similar positions at peer companies.

The Committee s starting point in establishing TDC levels is to determine the appropriate ranges of competitive market compensation so that the Company is able to effectively compete for high performance executives. The Committee does this by analyzing the executive compensation at peer companies and market data for similarly-sized technology companies. The Committee considers benchmarking against peer companies to be a necessary point of reference in determining whether the total targeted compensation opportunity offered by the Company will be competitive in the marketplace for executives, but the Committee does not believe that peer data should be the determinative factor. For fiscal 2010, the Committee did not establish a targeted percentile of peer group compensation as the basis for setting executive pay. Rather, the Committee retains the discretion as to the weight it assigns peer group data in establishing each executive s compensation.

Each year, the Committee analyzes whether it is using the most appropriate compensation peer group and market data, based on several factors, including changes in the Company (e.g., the size of the Company and its complexity) and the peer group and market data available. For fiscal 2010, the Committee benchmarked against a peer group of 19 technology companies (the Compensation Peer Group) to evaluate competitive market compensation. The Committee selected the Compensation Peer Group in consultation with Radford. The peer companies were selected primarily because the companies are U.S.-based technology companies in the same or similar industries as the Company, the companies are similar to the Company in complexity and size (measured by revenue), and the Committee concluded that the peer companies are representative of likely competitors with the Company for executives. The Committee considers all elements of compensation and benefits that are publicly disclosed by the peer companies. In fiscal 2011, because the Company will have transitioned most of its executive officer positions to Singapore, the compensation peer group will no longer necessarily focus on U.S.-based companies. This change in peer group companies is not expected to result in any material change to executive compensation. As the Company completes the transition of its headquarters to Singapore, attracting and retaining qualified employees in Singapore will be critical to the Company s success. Thus, compensation for these executives is expected to be based on, among other factors, compensation competitive to the Company s international peers and the need to incentivize these employees.

For fiscal 2010, the Compensation Peer Group companies were:

Advanced Energy Industries, Inc.	FormFactor, Inc.
ATMI, Inc.	II-VI Incorporated
Axcelis Technologies, Inc.	LTX-Credence Corporation
Brooks Automation, Inc.	Mattson Technology, Inc.
Cabot Microelectronics Corporation	MKS Instruments, Inc.
Coherent, Inc.	Photronics, Inc.

Cree, Inc.	Skyworks Solutions, Inc.
Cymer, Inc.	Ultra Clean Holdings, Inc.
Entegris, Inc.	Veeco Instruments Inc.
FEI Company	

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The Compensation Peer Group that the Committee uses for compensation benchmarking is different from the peer group included in the stock performance graph in the Company s 2010 Annual Report to Shareholders (the Stock Performance Peer Group described on page 19 below). The companies included in the stock performance peer group were selected as a group of companies with which our stock performance could reasonably be compared due to the markets served, without regard to size of the companies, whether they are competitors with us for recruiting executives, or whether they are U.S.-based companies.

For fiscal 2010, the Committee also reviewed Radford survey data covering a composite of data from technology companies with annual revenues between $200 million and $1 billion and technology companies with annual revenues between $200 million and $500 million. The Committee does not select or have any influence over the companies that participated in these surveys. Further, the Committee only receives and considers the aggregate results of the Radford surveys. The Committee is aware that the survey data includes its compensation peer group companies, but is not aware of the identities of any of the other component companies that are included in the surveys. On average, benchmarked against both the peer group data and the survey data, the Company s executive officers pay fell on average at approximately the 50^{th} percentile of total direct compensation.

Mix of Base Salary, Incentive and Equity Compensation

An executive s targeted total direct compensation has three elements:

- base salary;
- target cash quarterly incentive plan; and
- long term equity incentive awards.

The Committee selected these three elements because it believes each is necessary or useful in achieving the goals of the executive compensation program: motivating executives to create shareholder value; aligning the executives and shareholders interests; and attracting and retaining high performance executives.

Base Salaries

The Committee believes that it must provide a competitive level of base salary in order to attract and retain executives. Base salaries are set after analyzing the executives roles and responsibilities in the Company, the performance of an executive s business segment or functional group, and individual performance, experience, and potential for driving the Company s success in the future, as well as the peer group and survey data discussed above. The Committee has not adopted any formula with specific weightings assigned to the factors discussed above. The Committee negotiated Mr. Guilmart s base salary with him in connection with the negotiation of his employment agreement. Mr. Guilmart s compensation is described more fully under the heading Chief Executive Officer Compensation beginning on page 22.

In 2009, a primary factor in setting executive base salaries was cash conservation, in light of the impact of the global economic crisis on the Company. Consequently, the Company cancelled fiscal 2009 annual salary increases for Company executives and employees. The Company thereafter reduced the base salaries of its employees, including all of its executive officers. The Committee reduced the then-current CEO s base salary by 20% and reduced the other then-current executive officers base salaries by 15%. After a sharp rebound in the Company s business, the Committee approved the restoration of base salaries for the Company s employees, including the executive officers, in the fourth quarter of fiscal 2009.

For fiscal 2010, the Committee did not consider annual increases for executive officers until the third quarter. Only Mr. Rheault and Mr. Morris received base salary increases. Mr. Rheault and Mr. Morris received 11.3% and 3.0%

base salary increases, respectively. Both increases were based on closer alignment to market median salaries for their respective roles and on performance. After the increases, both base salaries remained below the market medians.

For fiscal 2011, the Committee decided to grant an annual increase in base salary to only three of its executive officers. The Committee made these decisions based on a number of factors, including each executive s base salary compared to the peer group median base salaries for their respective positions, experience, performance and criticality of the executive s role in the Company going forward.

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Cash Incentive Plan

The Company has a quarterly cash bonus plan called the Officer Incentive Compensation Plan, which the Committee adopted in August 2005 (the OIC Plan). The Committee believes that the higher the executive s level of responsibility and influence within the Company, the smaller the percentage of the executive s total target cash compensation that should be locked-in as base salary. Accordingly, executives with the greatest responsibility and influence over the Company s results receive higher cash incentive target amounts. The Company s cash incentive program is designed to align executive pay with financial performance.

For fiscal 2010, the target annual cash incentives were as follows:

Executive	Target Annual Cash Incentive as a % of Base Salary
Mr. Guilmart*	100 %
Mr. Kulicke	100 %
Mr. Morris	45 %
Mr. Rheault	70 %
Mr. Salmons	65 %
Mr. Torton	50 %

* Mr. Guilmart joined the Company at the end of the fourth quarter of fiscal 2010 and was not eligible for any bonus under the OIC Plan in fiscal 2010.

Under the OIC Plan, each quarter, a cash award pool is funded only if the Company has net income for the quarter. ROIC is included as a performance metric because the Committee believes that it is a measure of management s efficiency and is correlated with shareholder value creation. For fiscal 2008 and 2009 and the first two quarters of fiscal 2010, the Committee set the ROIC target at 30%. Target performance is intended to result in a median cash incentive payout for Company officers, compared to the market compensation data identified by the Committee. This target had been set after evaluating the highest ROIC achieved by companies in our industry. At approximately twice the Company s cost of capital (in the second quarter of fiscal 2010), the Committee determined that 30% was too high a target for achieving median cash incentive compensation. The Company had achieved the 30% target two times in the prior ten quarters. In the second quarter of fiscal 2010, the Committee set the ROIC target at 18%, approximately five percentage points above the Company s cost of capital, effective beginning in the third fiscal quarter of 2010. The adjusted ROIC target did not affect cash incentive plan compensation in fiscal 2010 because ROIC was 73% in the third quarter and 70% in the fourth quarter, which equated to 200% achievement under either ROIC target.

The total bonus pool is established based on actual ROIC performance, and the corresponding payout percentage is based on the following payout scale:

ROIC Results		Payout
38%	40%	200%
36%	38%	190%
34%	36%	180%
32%	34%	170%
30%	32%	160%
28%	30%	150%

26%	28%	140%
24%	26%	130%
22%	24%	120%
20%	22%	110%
18%	20%	100%
16%	18%	90%
14%	16%	80%
12%	14%	70%
10%	12%	60%
8%	10%	50%
6%	8%	40%
4%	6%	30%
2%	4%	20%
1%	2%	10%

Under this payout scale, 18% ROIC would result in target performance and 100% payout.