

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K/A

Annual report pursuant to section 13 and 15(d) [amend]

Filing Date: **2005-05-02** | Period of Report: **2004-12-31**
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FILER

ZORAN CORP \DE\

CIK: **1003022** | IRS No.: **942794449** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-K/A** | Act: **34** | File No.: **000-27246** | Film No.: **05791835**
SIC: **3674** Semiconductors & related devices

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A

Amendment No. 1 to Form 10-K

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2004

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-27246

ZORAN CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation of organization)

94-2794449

(I.R.S. Employer
Identification No.)

1390 Kifer Road, Sunnyvale, California

(Address of principal executive offices)

94086

(Zip code)

Registrant's telephone number, including area code: **(408) 523-6500**

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act:

Title of each class

None

Name of Exchange on which registered

None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$.001 par value

(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether registrant is an accelerated filer (as defined by Rule 12b-2 of the Act). Yes No

The aggregate market value of registrant's voting stock held by non-affiliates of registrant based upon the closing sale price of the Common Stock on June 30, 2004, as reported on the Nasdaq National Market, was approximately \$783,000,000. Shares of Common Stock held by each officer, director and holder of 10% or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

Outstanding shares of registrant's Common Stock, \$0.001 par value, as of March 29, 2005: 43,243,810

FORM 10-K/A

Amendment No. 1 to Annual Report on Form 10-K for the Fiscal Year ended December 31, 2004.

The undersigned registrant hereby amends Item 10 through 14 of Part III and Item 15 of Part IV of its Annual Report on Form 10-K for the fiscal year ended December 31, 2004 to read in their entirety as follows:

Item 10. Directors and Executive Officers of Registrant

Name	Principal Occupation	Age	Director Since
Levy Gerzberg, Ph.D.	President and Chief Executive Officer of Zoran	60	1981
Uzia Galil	President and Chief Executive Officer of Uzia Initiative and Management Ltd.; Chairman of Board of Directors of Zoran	80	1983
James D. Meindl	Professor of Microelectronics, Georgia Institute of Technology	72	1986
James B. Owens, Jr.	Private Consultant	55	2003
David Rynne	Retired	64	2003
Arthur B. Stabenow	Private Investor	66	1990
Philip M. Young	General Partner, U.S. Venture Partners	65	1986
Raymond A. Burgess	Private Consultant	46	2005

Levy Gerzberg was a co-founder of Zoran in 1981 and has served as Zoran's President and Chief Executive Officer since December 1988 and as a director since 1981. Dr. Gerzberg also served as Zoran's President from 1981 to 1984 and as Zoran's Executive Vice President and Chief Technical Officer from 1985 to 1988. Prior to co-founding Zoran, Dr. Gerzberg was Associate Director of Stanford

University's Electronics Laboratory. Dr. Gerzberg holds a Ph.D. in Electrical Engineering from Stanford University and an M.S. in Medical Electronics and a B.S. in Electrical Engineering from the Technion-Israel Institute of Technology in Haifa, Israel.

Uzia Galil has been a director of Zoran since 1983 and has served as Chairman of the Board of Directors since October 1993. Mr. Galil currently serves as Chairman and Chief Executive Officer of Uzia Initiative and Management Ltd., a company specializing in the promotion and nurturing of new businesses associated with mobile communication, electronic commerce and medical informatics, which he founded in November 1999. From 1962 until November 1999, Mr. Galil served as President and Chief Executive Officer of Elron Electronic Industries Ltd., an Israeli high technology holding company, where he also served as chairman of the board. From January 1981 until leaving Elron, Mr. Galil also served as chairman of the board of directors of Elbit Ltd., an electronic communication affiliate of Elron, and as a member of the board of directors of Elbit Systems Ltd., a defense electronics affiliate of Elron, and all other private companies held in the Elron portfolio. Mr. Galil currently serves as a director of Orbotech Ltd., NetManage Inc. and Partner Communications Ltd. From 1980 to 1990, Mr. Galil served as Chairman of the International Board of Governors of the Technion. Mr. Galil holds an M.S. in Electrical Engineering from Purdue University and a B.S. from the Technion. Mr. Galil has also been awarded an honorary doctorate in technical sciences by the Technion in recognition of his contribution to the development of science-based industries in Israel, an honorary doctorate in philosophy by the Weizmann Institute of Science, an honorary doctorate in engineering by Polytechnic University, New York, an honorary doctorate from the Ben-Gurion University of the Negev in Israel, and the Solomon Bublick Prize Laureate from the Hebrew University of Jerusalem. Mr. Galil is also a recipient of the Israel Prize.

James D. Meindl has been a director of Zoran since March 1986. Dr. Meindl has been Joseph M. Pettit Chair Professor in microelectronics at Georgia Institute of Technology since November 1993. From September 1986 to November 1993, Dr. Meindl served as Provost and Senior Vice President of Academic Affairs at Rensselaer Polytechnic Institute. Prior thereto, Dr. Meindl was a professor of electrical engineering and Director of the Stanford Electronics Laboratory and Center for Integrated Systems at Stanford University. Dr. Meindl is also a director of SanDisk, Inc. and Stratex Networks.

James B. Owens, Jr. has been a director of Zoran since May 2003. From January 2002 to January 2005, Mr. Owens served as President and Chief Executive Officer and a director of Strasbaugh, a provider of semiconductor manufacturing equipment. From December 1999 to August 2001, Mr. Owens served as President and Chief Executive Officer of Surface Interface, a supplier of high-end metrology equipment to the semiconductor and hard disk markets. From August 1998 to December 1999, Mr. Owens served as President of Verdant Technologies, a division of Ultratech Stepper. Mr. Owens holds a B.S. in Physics from Stetson University, an M.S. in Management from the University of Arkansas and an M.S.E.E. from Georgia Institute of Technology.

David Rynne has been a director of Zoran since August 2003. Mr. Rynne is a retired senior financial executive with more than 35 years of experience in growing technology companies. Most recently, Mr. Rynne served as Chief Executive Officer of Receipt.com from July to December 1999 and as Vice President of Nortel Networks from August 1998 to June 1999. He served as Chief Financial Officer of Bay Networks from January 1997 to August 1998. Prior to joining Bay Networks, Mr. Rynne served as Chief Financial Officer at Tandem Computers from June 1983 to December 1996, and held a variety of financial management positions during an 18-year career at Burroughs Corporation. He is currently chairman of the board of directors of Netfuel, Inc., a programmable network company, and serves on the board of directors of PD-LD, Inc., a fiber optic component company.

Arthur B. Stabenow has been a director of Zoran since November 1990. Mr. Stabenow has been principally engaged as a private investor since January 1999. From March 1986 to January 1999, Mr. Stabenow was Chief Executive Officer of Micro Linear Corporation, a semiconductor company. Mr. Stabenow also serves as a director of Applied Micro Circuits Corporation.

Philip M. Young has been a director of Zoran since January 1986. Mr. Young has been a managing principal of U.S. Venture Partners, a venture capital management company, since April 1990, and a general partner or managing member of the general partners of various venture capital funds managed by that company. Mr. Young is also a director of several private companies.

Raymond A. Burgess has been a director of Zoran since April 2005. Since August 2004, Mr. Burgess has been engaged as a consultant to companies operating within the semiconductor and related fields. From April 2004 to July 2004, Mr. Burgess served as the Senior Vice President, Strategy, Marketing and Communications of Freescale Semiconductor, Inc., a provider of semiconductor solutions. From September 2000 to March 2004, Mr. Burgess served as Corporate Vice President, Strategy, Marketing and Communications for the Semiconductor Products Sector of Motorola, Inc., a telecommunications company, and held a variety of executive positions during a twenty year career at Motorola. Mr. Burgess serves on the board of Tao Group, UK, a private company focused on multimedia software.

Messrs. Galil and Stabenow are audit committee financial experts, as defined in the rules of the Securities and Exchange Commission. Both of them are independent for purposes of the Nasdaq rules as they apply to audit committee members.

The information required by this Item with respect to additional executive officers of Zoran is incorporated by reference to Part I of this report under the heading "Executive Officers."

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors and persons who beneficially own more than 10% of our common stock to file initial reports of beneficial ownership and reports of changes in beneficial ownership with the SEC. Such persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms filed by such person.

Based solely on our review of such forms furnished to us and written representations from certain reporting persons, we believe that all filing requirements applicable to our executive officers, directors and greater-than-10% stockholders were complied with.

Corporate Governance Materials

The Board has adopted a Code of Business Conduct that applies to all of our employees, officers and directors. In addition, the Board has adopted Corporate Governance Guidelines that address the composition of the Board, criteria for Board membership and other Board governance matters. Links to these materials are available on our website at www.shareholder.com/zoran/corporategovernance.cfm.

Item 11. Executive Compensation

The following table sets forth information concerning the compensation earned during the years ended December 31, 2002, 2003 and 2004 by our Chief Executive Officer and our three other executive officers, whose total salary and bonus for such fiscal year exceeded \$100,000 (collectively, the "Named Executive Officers").

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation		Long Term Compensation Awards	All Other Compensation
		Salary(1)	Bonus(1)	Shares Underlying Options(2)	
Levy Gerzberg, Ph.D. President and Chief Executive Officer	2004	\$ 391,000	\$ –	–	\$ 1,920 (3)
	2003	\$ 340,000	\$ 197,700	609,358	\$ 2,858 (3)
	2002	\$ 339,921	\$ 255,000	427,500	\$ 2,698 (3)
Camillo Martino Executive Vice President and Chief Operating Officer	2004	\$ 287,500	\$ –	–	\$ 1,920 (3)
	2003	\$ 250,000	\$ 109,000	260,000	\$ 2,702 (3)
	2002	\$ 238,558	\$ 150,000	150,000	\$ 2,542 (3)

Karl Schneider	2004	\$ 241,000	\$ –	–	\$ 1,920 (3)
Senior Vice President,	2003	\$ 210,000	\$ 73,300	200,000	\$ 2,608 (3)
Finance and Chief Financial Officer	2002	\$ 195,750	\$ 68,250	75,000	\$ 2,538 (3)
Isaac Shenberg, Ph.D.	2004	\$ 200,000	\$ –	–	\$ 41,063 (4)
Senior Vice President,	2003	\$ 180,000	\$ 62,800	200,000	\$ 48,654 (4)
Business and Strategic Development	2002	\$ 178,750	\$ 63,000	82,500	\$ 37,427 (4)

- (1) Includes amounts (if any) deferred at the named executive officer's option under Zoran's 401(k) plan.
- (2) During 2003, each of Zoran's executive officers received two equal option grants, one of which will not begin vesting until one year following the date of grant, in light of the fact that Zoran's 1993 Stock Option Plan was due to expire in July 2003 and that Zoran would not adopt a new plan under which options could be granted to executive officers. See "Report of the Compensation Committee on Executive Compensation."
- (3) Represents: (i) matching contributions to the Named Executive Officers' 401(k) savings and incentive plans in the following amounts for 2004, 2003 and 2002, respectively, Dr. Gerzberg, \$1,500, \$2,000 and \$2,000, Mr. Schneider, \$1,500, \$2,000 and \$2,000, and Mr. Martino, \$1,500, \$2,000, and \$2,000; and (ii) premiums paid by Zoran with respect to term life insurance for the benefit of the Named Executive Officers in the following amounts for 2004, 2003 and 2002, respectively, Dr. Gerzberg, \$420, \$858 and \$698, Mr. Schneider \$420, \$608, and \$538, and Mr. Martino, \$420, \$702, and \$542.
- (4) Consists of (i) premiums paid by Zoran under an insurance policy that covers certain severance and other benefits and (ii) contributions by Zoran toward a continuing education fund. In 2004, 2003 and 2002, Zoran paid insurance premiums for the benefit of Dr. Shenberg in the amounts of \$26,439, \$33,779 and \$26,715, respectively. In 2004, 2003 and 2002, Zoran made continuing education contributions for the benefit of Dr. Shenberg in the amounts of \$14,624, \$14,875 and \$10,712, respectively.

Stock Options Granted in Fiscal 2004

No option grants were made to the Named Executive Officers during the year ended December 31, 2004.

Option Exercises and Fiscal 2004 Year-End Values

The following table provides the specified information concerning exercises of options to purchase our common stock in the year ended December 31, 2004, and unexercised options held as of December 31, 2004, by the Named Executive Officers. A portion of the shares subject to these options are not yet vested, and thus would be subject to repurchase by Zoran at a price equal to the option exercise price, if the corresponding options were exercised before those shares had vested.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END VALUES

Name	Shares Acquired on Exercise	Value Realized	Number of Shares Underlying Unexercised Options at Fiscal Year End		Value of Unexercised In-the-Money Options at Fiscal Year End(1)	
			Exercisable(2)	Unexercisable	Exercisable(2)	Unexercisable
Levy Gerzberg, Ph.D.	–	–	1,227,013	–	\$ 42,769	–
Camillo Martino	–	–	644,978	–	–	–
Karl Schneider	–	–	453,200	–	\$ 264,335	–

- (1) Based on a market value of \$11.58 per share, the closing price of our common stock on December 31, 2004, as reported by the Nasdaq National Market.
- (2) All options are fully exercisable from the date of grant, subject to Zoran's right to repurchase any unvested shares at the original purchase price upon the optionee's termination of service. The options (or shares issued upon the exercise of the options) vest in 48 equal installments from the date of grant, or in one installment equal to 1/4 of the shares and 36 equal monthly installments of 1/48 of the shares thereafter, in the case of options granted upon commencement of employment. Upon termination of an executive officer within 18 months following a change in control, the outstanding options of such executive officer shall be immediately exercisable and fully vested and shall generally remain exercisable for a period of one year after such termination. If Zoran terminates Mr. Martino's employment for reasons other than "cause," as such term is defined in his offer letter, Mr. Martino's options will continue to vest until the earlier of (i) the end of his three month notice period or (ii) the commencement of his employment with another entity.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

Zoran maintains an Executive Retention and Severance Plan (the "Retention Plan"), which provides for certain benefits for Zoran's executive officers and key employees upon a change in control of Zoran. The Retention Plan provides that if, in the event of a change in control of Zoran, the company acquiring Zoran does not assume or substitute the outstanding options of the participants in the Retention Plan, then the vesting and exercisability of their options shall be accelerated in full immediately prior to, but conditioned upon, the consummation of the change in control transaction. The Retention Plan provides for additional benefits if a participant in the Retention Plan is terminated without "cause" (as that term is defined in the Retention Plan) or resigns as a result of certain adverse circumstances described in the Retention Plan, within 18 months after a change in control. Upon such termination, a participant would be entitled to a lump sum payment in an amount equal to the aggregate amount of his monthly salary and prorated annual bonus for a period of 36 months in the case of the chief executive officer and 18 months in the case of other executive officers, with the applicable annual bonus amount to be determined at the time of termination. Such annual bonus amount shall equal to the greatest of (i) the bonus earned by the participant for the fiscal year immediately preceding the fiscal year of the change in control, (ii) the bonus earned by him for the fiscal year immediately preceding the fiscal year of his termination upon a change in control, or (iii) the targeted bonus he would have earned for the fiscal year of his termination upon a change in control. In addition, Zoran will arrange to provide health and life insurance benefits to the participant for 36 months in the case of the chief executive officer and 18 months in the case of other executive officers. The Retention Plan also provides that, upon such termination of an executive officer within 18 months following a change in control, the outstanding options of such executive officer shall be immediately exercisable and fully vested and shall generally remain exercisable for a period of one year after such termination.

In December 1997, the Company issued an offer letter to Karl Schneider, pursuant to which, if Mr. Schneider's employment with the Company is terminated, either by Mr. Schneider or Zoran, for a reason other than "cause," as such term is defined in the offer letter, the other party to the letter is entitled to three months notice; provided, however, that if Mr. Schneider accepts an offer of employment from another company while still employed with Zoran, Mr. Schneider must notify Zoran within twelve hours of acceptance of such offer, and Zoran may terminate Mr. Schneider's employment without providing advance notice.

In July 2001, the Company issued an offer letter to Camillo Martino. Pursuant to the terms of this offer letter, if Mr. Martino's employment with the Company is terminated, either by Mr. Martino or by Zoran, for a reason other than "cause," as such term is defined in the offer letter, the other party to the letter is entitled to three months notice. If Zoran terminates Mr. Martino's employment for reasons other than cause, Zoran may release Mr. Martino from employment at any time prior to the termination of the three month notice period, and Mr. Martino's salary and option vesting will continue until the earlier of (i) end of the three month period or (ii) the commencement of Mr. Martino's employment with another entity. If Mr. Martino initiates the termination, Zoran has the right to terminate Mr. Martino's employment immediately and pay the salary guarantee in lieu of notice.

Compensation of Directors

Directors receive an annual retainer of \$20,000, a fee of \$2,000 for each meeting attended and quarterly fees of \$1,500 for each committee on which they serve and \$2,500 for each committee they chair.

The 1995 Outside Directors Plan (the "Directors Plan") provides for formula-based grants of options to non-employee directors of Zoran. Under the Directors Plan, each non-employee director is automatically granted a nonstatutory stock option to purchase 30,000 shares of Zoran common stock (an "Initial Option") on the date on which such person first becomes a non-employee director of Zoran. Thereafter, on the date immediately following each annual stockholders' meeting, each non-employee director who is reelected at the meeting to an additional term is granted an additional option to purchase 15,000 shares of Zoran common stock (an "Annual Option") if, on such date, he or she has served on the Board of Directors for at least six months. The Directors Plan provides that each Initial Option shall become exercisable in installments as to one-fourth of the total number of shares subject to the option on each of the first, second, third and fourth anniversaries of the date of grant, and each Annual Option shall become exercisable in full one year after the date of grant, subject to the director's continuous service. The exercise price per share of all options granted under the Directors Plan is equal to the fair market value of a share of Zoran common stock on the date of grant. Options granted under the Directors Plan have a term of ten years. The Directors Plan expires in July 2005.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

PRINCIPAL STOCKHOLDERS AND STOCK OWNERSHIP BY MANAGEMENT

The following table sets forth, as of March 31, 2005, certain information with respect to the beneficial ownership of Zoran's common stock by (i) each stockholder known by Zoran to be the beneficial owner of more than 5% of Zoran's common stock, (ii) each director and director-nominee of Zoran, (iii) each of the Named Executive Officers, and (iv) all directors and executive officers of Zoran as a group:

Beneficial Owner(1)	Number of Shares Beneficially Owned(2)	Percent(3)
Mac Per Wolf Company(4) 310 S. Michigan Ave., Suite 2600 Chicago, IL 60604	4,434,232	10.3%
Levy Gerzberg, Ph.D.(5)	1,335,466	3.1%
Camillo Martino(6)	648,367	1.5%
Isaac Shenberg, Ph.D.(7)	515,697	1.2%
Karl Schneider(8)	458,021	1.1%
Uzia Galil(9)	122,712	*
Arthur B. Stanenow(10)	114,450	*
James D. Meindl(11)	113,020	*
Philip M. Young(12)	88,200	*
David Rynne(13)	71,733	*
James B. Owens(14)	45,000	*
Raymond A. Burgess(15)	-	-
Directors and executive officers as a group (11 persons)(16)	3,512,666	8.1%

* Less than 1%.

(1) Except as otherwise indicated, the persons named in this table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable and to the information

contained in the footnotes to this table. Except as otherwise noted, the address for the persons named in this table is c/o 1390 Kifer Road, Sunnyvale, California 94086.

- (2) Under the rules of the Securities and Exchange Commission, a person is deemed to be the beneficial owner of shares that can be acquired by such person within 60 days upon the exercise of options. Except as otherwise noted, options granted under the 1993 Stock Option Plan are immediately exercisable, subject our right to repurchase unvested shares upon termination of employment or other service at a price equal to the option exercise price.
- (3) Calculated on the basis of 43,253,892 shares of common stock outstanding as of March 31, 2005, provided that any additional shares of common stock that a stockholder has the right to acquire within 60 days after March 31, 2005 are deemed to be outstanding for the purpose of calculating that stockholder' s percentage beneficial ownership.
- (4) Based on information contained in a Schedule 13G/A dated January 31, 2005, filed with the Securities and Exchange Commission.
- (5) Includes options to purchase 1,227,013 shares of common stock, all of which are exercisable.

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- (6) Includes options to purchase 644,978 shares of common stock, all of which are exercisable.
- (7) Includes options to purchase 513,844 shares of common stock, all of which are exercisable.
- (8) Includes options to purchase 453,200 shares of common stock, all of which are exercisable.
- (9) Includes 4,512 shares held by Mr. Galil' s spouse. Mr. Galil may be deemed to be a beneficial owner of these shares, although Mr. Galil disclaims such beneficial ownership. Also includes options to purchase 118,200 shares of common stock that are currently exercisable or will become exercisable within 60 days after March 31, 2005.
- (10) Includes options to purchase 114,450 shares of common stock that are currently exercisable or will become exercisable within 60 days after March 31, 2005.
- (11) Includes 111 shares held jointly with Dr. Meindl' s spouse and 1,909 shares held by James and Frederica Meindl as trustees of the Meindl Trust dated February 4, 1972. Also includes options to purchase 111,000 shares of common stock that are currently exercisable or will become exercisable within 60 days after March 31, 2005.
- (12) Includes options to purchase 88,200 shares of common stock that are currently exercisable or will become exercisable within 60 days after March 31, 2005.
- (13) Includes options to purchase 71,733 shares of common stock that are currently exercisable or will become exercisable within 60 days after March 31, 2005.
- (14) Includes options to purchase 45,000 shares of common stock that are currently exercisable or will become exercisable within 60 days after March 31, 2005.
- (15) Excludes options to purchase 30,000 shares of common stock that were granted after March 31, 2005.
- (16) See notes 5 through 15. Includes 3,387,618 shares subject to options that are currently exercisable or will become exercisable within 60 days after March 31, 2005 beneficially owned by executive officers and directors.

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EQUITY COMPENSATION PLAN INFORMATION

Zoran currently maintains three compensation plans that provide for the issuance of Zoran common stock to officers and other employees, directors or consultants. These consist of the Directors Plan and the 1995 Employee Stock Purchase Plan, which have been approved by stockholders, and the 2000 Nonstatutory Stock Option Plan (the “2000 Plan”), which has not been approved by stockholders. Zoran has also issued options under its 1993 Stock Option Plan (the “1993 Plan”), which had been approved by stockholders and which expired in July 2003. The following table sets forth information regarding outstanding options and shares reserved for future issuance under the foregoing plans as of December 31, 2004:

<u>Plan Category(1)</u>	<u>Number of shares to be issued upon exercise of outstanding options, warrants and rights</u>	<u>Weighted-average exercise price of outstanding options, warrants and rights</u>	<u>Number of shares remaining available for future issuance under equity compensation plans (excluding shares reflected in column (a))</u>
	(a)	(b)	(c)
Equity compensation plans approved by stockholders	6,207,966	\$ 17.62	570,909
Equity compensation plans not approved by stockholders(3)	6,637,791	\$ 16.54	5,153,644
Total	12,845,757	\$ 17.06	5,724,553

- (1) The information presented in this table excludes options assumed by Zoran in connection with acquisitions of other companies. As of December 31, 2004, 1,506,877 shares of Zoran common stock were issuable upon exercise of these assumed options, at a weighted average exercise price of \$19.71 per share.
- (2) Includes 563,109 shares available for future issuance under the Purchase Plan.
- (3) Consists of options that are outstanding, and shares available for future issuance, under the 2000 Plan. The material features of the 2000 Plan are described below.

Material Features of the 2000 Stock Option Plan

As of March 31, 2005, Zoran had reserved an aggregate of 13,325,000 shares of common stock for issuance under the 2000 Plan. The 2000 Plan provides for the grant of nonstatutory stock options to employees or consultants with exercise prices typically equal to (but not less than 85% of) the fair market value of Zoran common stock on the date of grant. No current officer or other person whose eligibility would require stockholder approval of the 2000 Plan under any law or stock exchange rules may be granted an option under the plan, except as permitted under Nasdaq Rule 4350(i)(1)(A)(iii). Under that rule, a company that assumes a pre-existing, stockholder-approved plan in a merger is permitted to use the share reserve under the assumed plan (after appropriate adjustment to reflect the merger) to issue options to any persons, including officers or directors, who were not employed by the company at the effective time of the merger, so long as the options are granted on or prior to the expiration date of the assumed plan. Such options may be issued under the assumed plan or any other plan maintained by the issuer. In its acquisition of Oak Technology, Inc. (“Oak”), Zoran assumed the stockholder-approved stock option plans of Oak that were in effect immediately prior to the effective time of the merger with Oak. As a result, 2,832,210 shares that were available for issuance under those plans (as adjusted to reflect the merger) became available for issuance under the 2000 Plan and are included among the 13,325,000 shares that are reserved for issuance thereunder. The assumed plans were scheduled to expire between December 2004 and December 2012. Accordingly, the share reserve under the 2000 Plan was reduced by 20,599 shares in December 2004. The 2000 Plan will terminate in its entirety in October 2010, prior to the time when the last of the assumed plans would have expired.

In general, the 2000 Plan is administered by the Compensation Committee, which determines the optionees and the terms of the options granted, including exercise price and number of shares subject to the options granted.

However, Dr. Gerzberg has been authorized by the Board of Directors to grant options to purchase up to 30,000 shares. Certain options granted under the 2000 Plan are fully exercisable from the date of grant, subject to Zoran's right to repurchase unvested shares at the original purchase price upon the optionee's termination of service. Subject to the optionee's continued service, the options generally vest at the rate of 1/4 of the shares on the first anniversary of the date of grant and at the rate of 1/48 of the shares on the last day of each of the next 36 calendar months thereafter. Options granted under the 2000 Plan generally have a 10-year term and terminate three months after the termination of service, except where service terminates due to the optionee's death or permanent and total disability, in which case the option will remain exercisable for one year after such termination but in no event beyond the expiration of the option's term.

Item 13. Certain Relationships and Related Transactions.

Not applicable.

Item 14. Principal Accountant Fees and Services

The following table sets forth the aggregate fees billed to Zoran for the years ended December 31, 2003 and 2004 by PricewaterhouseCoopers LLP:

	<u>2003</u>	<u>2004</u>
Audit Fees (1)	\$ 487,048	\$ 1,188,398
Audit-Related Fees (2)	\$ 101,800	-
Tax Fees (3)	\$ 169,511	\$ 155,987
All Other Fees (4)	-	\$ 6,190
Total	\$ 758,359	\$ 1,350,575

(1) Audit fees consist of fees billed for professional services rendered for the audit of Zoran's consolidated annual financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by PricewaterhouseCoopers LLP in connection with statutory and regulatory filings or engagements. During 2003, these fees also included services related to the preparation of a Form S-4 registration statement related to the acquisition of Oak and final progress billing on the audit of Oak's financial statements following the completion of that acquisition. During 2004, audit fees included those fees related to PricewaterhouseCoopers LLP's audit of the effectiveness of Zoran's internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act.

(2) Audit-related fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of Zoran's consolidated financial statements and are not reported under "audit fees." During 2003, these fees also included services related to financial due diligence conducted in connection with the acquisition of Oak.

(3) Tax fees consist of fees billed for professional services rendered for tax compliance, tax advice and tax planning (domestic and international). These services include assistance regarding federal, state and international tax compliance, acquisitions and international tax planning.

(4) All other fees consist of fees for services other than those reported above. During 2004, these fees included the fees for an accounting library software and other miscellaneous services.

The Audit Committee is responsible for pre-approving all audit and permissible non-audit services provided by our independent accountants. Management is responsible for reporting to the Audit Committee on a quarterly basis regarding expenditures for non-audit services made within the foregoing budget.

Item 15. Exhibits and Financial Statements Schedules

The following documents are filed as a part of this report:

- (1) Financial Statements:
See Index to Consolidated Financial Statements at page 40 of this report.
- (2) Financial Statement Schedules:
All financial statement schedules are omitted because they are not applicable or not required, or because the required information is included in the Consolidated Financial Statements and Notes thereto which are included herein.
- (3) Exhibits:
The exhibits listed on the accompanying Exhibit Index are filed as part of, or are incorporated by reference into, this report.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 2, 2005

ZORAN CORPORATION

By: /s/ Levy Gerzberg
Levy Gerzberg, President and
Chief Executive Officer

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EXHIBIT INDEX

Exhibit Number	Exhibit Title
3.1(1)	Form of Restated Certificate of Incorporation of the Registrant.
3.2(2)	Amended Bylaws of the Registrant.
4.1(3)	Amended and Restated Stock Rights Agreement dated July 30, 1993 among the Registrant and certain of its stockholders, as amended.
*10.1(4)	1993 Stock Option Plan, as amended.
*10.2(4)	1995 Outside Directors Stock Option Plan.

- *10.3(4) Amended and Restated 1995 Employee Stock Purchase Plan.
- *10.4(3) Form of Indemnity Agreement for officers and directors.
- 10.7(3) Letter Agreement dated December 16, 1991 between the Registrant and Dolby Laboratories Licensing Corporation, as amended.
- 10.11(3) Lease Agreement dated October 1, 1992 between the Registrant's subsidiary, Zoran Microelectronics Ltd. ("ZML"), and Matam-Haifa Scientific Industries Center Ltd. ("Matam").
- †10.12(3) License Agreement for ZR33891 Digital Filter Processor dated June 8, 1995 between the Registrant and Atmel Corporation ("Atmel").
- †10.13(3) License Agreement for ZR34325 Vector Signal Processor dated June 8, 1995 between the Registrant and Atmel.
- †10.14(3) Cooperation and Project Funding Agreement dated June 16, 1991 between ZML and the Israel-United States Binational Industrial Research and Development Foundation ("BIRDF").
- †10.15(3) Cooperation and Project Funding Agreement dated June 9, 1992 between ZML and BIRDF.
- 10.16(3) Note of Approval No. 17391 dated September 5, 1994 issued to ZML by the Office of Chief Scientist, Head of the Industrial Research and Development Administration of the Israeli Ministry of Industry and Trade (the "Chief Scientist"), together with ZML's Letter of Undertaking dated September 4, 1994.
- 10.17(3) Note of Approval No. 17337 dated September 5, 1994 issued to ZML by the Chief Scientist, together with ZML's Letter of Undertaking dated September 4, 1994.
- 10.18(3) Loan Agreements dated July 25, 1995, August 1, 1995, August 15, 1995, August 31, 1995 and November 1, 1995 between ZML and the Israel Discount Bank.
- 10.29(5) Summary of Discussion dated April 23, 1996 between ZML and Matam regarding Lease Agreement dated October 1, 1992 between ZML and Matam.
- 10.30(6) Memorandum of Understanding Dated April 23, 1996 between ZML and IBM Israel Ltd. regarding Lease Agreement dated October 1, 1992 between ZML and Matam.
- 10.33(7) Sub-Sublease dated April 1, 1997 between the Registrant and Integrated Silicon Solutions, Inc.
- 10.36(8) Unprotected Tenancy Agreement dated September 16, 1997 between ZML and Matam, together with Appendix Addendum to Unprotected Tenancy Agreement of 16.9.97.

Exhibit Number	Exhibit Title
10.37(1)	Addendum to sub-sublease dated April 1, 1997 between the Registrant Integrated Silicon Solution, Inc.
*10.38(9)	Form of Amendment of Nonstatutory Stock Option Agreement for Outside Directors.
10.39(10)	2000 Nonstatutory Stock Option Plan.

- *10.40(10) Executive Retention and Severance Plan.
- *10.41(11) Employment Agreement, dated as of May 4, 2003, by and between Registrant and Young K. Sohn.
- 10.42(12) Sublease dated June 18, 2001 between Yahoo! Inc. and Oak Technology, Inc.
- *10.43(12) Amended and Restated 1995 Employee Stock Purchase Plan.
- 10.44(13) Oak Technology, Inc. 1994 Stock Option Plan (as amended and restated).
- 10.45(14) Oak Technology, Inc. 1994 Outside Directors' Stock Option Plan (as Amended and Restated November 21, 2002).
- *10.46(12) Form of Oak Technology, Inc. Outside Directors' Non-Qualified Stock Option Agreement for the 1994 Stock Option Plan and 1994 Outside Director' s Stock Option Plan entered into by David Rynne and Peter Simone.
- 10.47(15) Asset purchase agreement between Oak Technology, Inc., and Sunplus Technology, Co. LTC. dated April 3, 2003.
- *10.48(16) Summary of Compensation Arrangements with Named Executive Officers and Nonemployee Directors.
- 10.49 Offer Letter to Karl Schneider dated December 15, 1997, as amended July 15, 1998.
- 10.50 Offer Letter to Camillo Martino dated July 30, 2001.
- 10.51 Form of Employee Proprietary Information and Inventions Agreement.
- 31.1 Certification of Chief Executive Officer, pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer, pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Constitutes a management contract or compensatory plan required to be filed pursuant to Item 14(c) of Form 10-K.

† Confidential treatment has been granted as to a portion of this Exhibit.

-
- (1) Incorporated by reference to identically numbered exhibit to Registrant' s Form 10-K Annual Report for the year ended December 31, 2000.
 - (2) Incorporated by reference to Exhibit 3.3 to Registrant' s Form 10-Q Quarterly Report for the quarter ended September 30, 1998.
 - (3) Incorporated by reference to identically numbered exhibit to Registrant' s Form SB-2 Registration Statement (No. 33-98630-LA), which became effective on December 14, 1995.

- (4) Incorporated by reference to identically numbered exhibit to Registrant' s Form 10-Q Quarterly Report for the quarter ended June 30, 2002.
- (5) Incorporated by reference to Exhibit 10.1 to the Registrant' s Form 10-Q Quarterly Report for the quarter ended June 30, 1996 (the "June 1996 Form 10-Q").
- (6) Incorporated by reference to Exhibit 10.2 to the June 1996 Form 10-Q.
- (7) Incorporated by reference to identically numbered exhibit to Registrant' s Form 10-Q Quarterly Report for the quarter ended March 31, 1997.
- (8) Incorporated by reference to identically numbered exhibit to Registrant' s Form 10-K Annual Report for the year ended December 31, 1999.
- (9) Incorporated by reference to identically numbered exhibit to Registrant' s Form 10-Q Quarterly Report for the quarter ended June 30, 2001.
- (10) Incorporated by reference to identically numbered exhibit to Registrant' s Form 10-K Annual Report for the year ended December 31, 2002.
- (11) Incorporated by reference to identically numbered exhibit to Registrant' s Form S-4 Registration Statement (No. 333-105993, which became effective July 3, 2003).
- (12) Incorporated by reference to identically numbered exhibit to Registrant' s Form 10-Q Quarterly report for the quarter ended September 30, 2003.
- (13) Incorporated by reference to Exhibit 99.1 of Form S-8 filed by Oak Technology, Inc. on April 14, 2003.
- (14) Incorporated by reference to Exhibit 10.01 of Form 10Q/A filed by Oak Technology, Inc. on June 27, 2003.
- (15) Incorporated by reference to Exhibit 2.2 of Form 8-K filed by Oak Technology, Inc. on April 18, 2003.
- (16) Incorporated by reference to identically numbered exhibit to Registrant' s Form 10-K Annual Report for the year ended December 31, 2004.



July 15, 1998

Mr. Karl Schneider
985 Marquette Lane
Foster City, CA 94404

Dear Karl:

As we discussed, it is my pleasure to extend an offer to you to become Vice President of Finance and Chief Financial Officer of Zoran Corporation ("Company"), effective July 23, 1998.

Your new compensation package will include the following:

\$145,000 annual salary
up to 30% bonus subject to Company and personal performance and Board approval
additional 40,000 shares of Zoran common stock

Your new position and compensation package are subject to formal approval by Zoran's Compensation Committee and Board of Directors.

All other employment terms and conditions will remain the same as in the agreed upon offer letter from Zoran to you dated December 15, 1997.

Please confirm in writing your acceptance of this offer by signing in the space below.

Karl, I am looking forward to working with you as a partner and a member of Zoran's executive staff and to jointly overcome the challenges ahead of us and to benefit from the exciting growth opportunities of Zoran.

Sincerely,

ZORAN CORPORATION

/s/ Levy Gerzberg

Levy Gerzberg
President & CEO

Agreed and Accepted:

/s/ Karl Schneider

Karl Schneider

7/15/98

Date

ZORAN CORPORATION
3112 SCOTT BOULEVARD SANTA CLARA, CA 95054
(408) 919-4111 FAX: (408) 919-4122



December 15, 1997

Mr. Karl Schneider
985 Marquette Lane
Foster City, CA 94404

Dear Karl:

We are pleased to extend an offer to you to become a regular, full-time, exempt employee with ZORAN CORPORATION (the "Company") in the capacity of Corporate Controller reporting to Ami Kraft, Chief Financial Officer of Zoran.

As of the date you join the Company (the "Effective Date" of your employment) as Corporate Controller, your initial salary will be \$108,000 per year paid on a biweekly basis at a rate of \$4,153.85 per pay period.

In addition, included in this offer is a hire-on bonus of \$10,000 payable in three installments as follows:

\$3,000 Effective Date of employment
\$3,000 6 months from Effective Date of employment
\$4,000 1 year from Effective Date of employment

You will be entitled to the bonus subject to staying with the Company as of the payment dates. If your employment with the Company will come to an end for any reason prior to the payment dates, you will not be eligible for any further payment(s) related to the above schedule.

As a key employee, you will be offered the opportunity to purchase 10,000 shares of the Company's common stock (the "Stock") at the market price on the date the stock is granted to you by the Zoran Board of Directors. The stock will be subject to the provisions of the standard form of Incentive Stock Option Grant or Stock Purchase Agreement adopted for use by the Company and must be approved by the Company's Board of Directors. You will also be eligible to participate in the Company's employee stock purchase plan.

As an employee you are eligible for the standard group medical, dental and vision coverage. The Company pays 100% for the employee premium. The employee pays a nominal fee for any dependent coverage. You will begin accruing vacation as of your date of hire.

As a condition of employment with Zoran, you shall execute, contemporaneously with the execution of this agreement, the Proprietary Information and Inventions Agreement attached as Exhibit A and incorporated herein by this reference.

ZORAN CORPORATION
3112 SCOTT BOULEVARD SANTA CLARA, CA 95054
(408) 919-4111 FAX: (408) 919-4122

If you terminate your employment or if you are terminated by the Company for reasons other than cause, it is mutually agreed by both parties that the terminating party will give the other party three (3) months notice.

However, if you should accept an offer from another company while you are in the employment of Zoran, you explicitly agree that you will notify Zoran within twelve (12) hours of your acceptance of the offer and the Company may terminate your employment without the three months' notice.

Your employment with Zoran is entirely voluntary for both parties and either you or Zoran may conclude the employment relationship at any time for any reason. This "at will" employment relationship can only be modified in writing by an authorized officer of Zoran.

If you wish to accept this offer of employment, please sign in the space provided below. By so signing, you acknowledge that you have received no inducement or representations other than those set forth in this letter which caused you to accept this offer of employment. Please return a signed copy to me.

Karl, we are one of the most technologically innovative companies in the industry and with your excellent background and skills we feel that you will be a major contributor to the Company.

This acceptance of employment is valid til December 12, 1997.

Sincerely,

ZORAN CORPORATION

Ami Kraft
Vice President of Finance
Chief Financial Officer

AGREED AND ACCEPTED

/s/ Karl Schneider

Karl Schneider

Date: JAN 9, 1998

JAN 19, 1998

Start Date



July 30, 2001

Mr. Camillo Martino
6152 Mancuso Street
San Jose, CA 95120

Dear Camillo,

We are pleased to extend an offer to you to become a regular, full-time employee with ZORAN CORPORATION (the "Company") in the capacity of Executive Vice President and Chief Operating Officer reporting to the President and CEO.

As of the date you join the Company in your new position (the "Effective Date" of your employment), your initial base salary will be \$225,000.00 per year, paid on a biweekly basis at a rate of \$8,653.85 per pay period.

As an Executive Vice President and Chief Operating Officer, you will also be eligible to receive an Executive Bonus of up to 35% of your annual salary. This bonus is based on both your personal and company performance and is subject to approval and determination of Zoran's Board of Directors. You must be employed by the Company at the time the bonus is approved in order to receive payment; no partial payment will be made.

As a key employee, you will be offered the opportunity to purchase 150,000 shares of the Company's common stock (the "Stock") at the market price on the date the stock is granted to you by Zoran's Board of Directors. The stock will be subject to the provisions of the standard form of Option Grant or Stock Purchase Agreement adopted for use by the Company and must be approved by the Company's Board of Directors. You will also be eligible to participate in the Company's Employee Stock Purchase Plan.

In addition, you will be granted an additional 50,000 shares upon reaching certain pre-determined milestones. The milestones will be defined and measured by the Company's Board of Directors and the grant will be issued when milestones are achieved. The stock will be subject to the provisions of the standard form of Option Grant.

ZORAN CORPORATION
3112 SCOTT BOULEVARD SANTA CLARA, CA 95054
(408) 919-4111 FAX: (408) 919-4122

On your first date of employment you are eligible for our comprehensive group medical, dental, vision and life insurance coverage upon completion of the necessary enrollment forms. The Company pays 100% of the employee premium. The employee pays a nominal fee for any elected dependent coverage.

As a condition of employment with the Company, you shall execute, contemporaneously with the execution of this agreement, the Proprietary Information and Inventions Agreement attached as Exhibit A and incorporated herein by this reference.

Your employment with the Company is entirely voluntary for both parties and either you or the Company may conclude the employment relationship at any time for any reason. This "at will" employment relationship can only be modified in writing by an authorized officer of the Company.

However, if you should accept an offer from another company while you are in the employment of Zoran, you explicitly agree that you will notify Zoran within twelve (12) hours of your acceptance of the offer.

If you terminate your employment or if you are terminated by the Company for reasons other than for cause, it is mutually agreed by both parties that the terminating party will give the other party a three (3) months' notice. If the company terminates your employment you will be guaranteed three (3) months' salary. If you initiate the termination, the Company has the right to terminate your employment immediately and pay the salary guarantee in lieu of notice.

For the purposes of this offer, "for cause" is defined as (i) theft, dishonesty, or falsification of any employment or Company records; (ii) intentional and improper disclosure of the Company's confidential or proprietary information or violation of the Company's Agreement regarding such; (iii) any action by you which has a material detrimental effect on the Company's reputation or business; (iv) your failure or inability to perform any reasonable assigned duties after written notice from the Company to you of, and a reasonable opportunity to cure, such failure or inability; (v) your conviction (including any pleas of guilty or nolo contendere) for any criminal act which impairs your ability to perform your duties.

In the event the Company decides to terminate your employment for reasons other than cause, the Company reserves the right to release you from your employment at any time prior to the expiration of the three (3) month notice period; it will provide you with base compensation for the remainder of that three month period in accordance with the Company's normal payroll and benefits procedures. Your stock option, granted pursuant to this offer, will continue to vest until the expiration of the three (3) month notice period.

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In the event your employment is terminated by the Company and you choose to engage in any other form of employment with another entity prior to the end of the Company's three (3) month notice, you will receive compensation and your options will continue to vest only until the starting date of your other engagement. In the event you choose to terminate your employment with the Company, the Company will have the right to release you from your employment at any time prior to the expiration of the three (3) month notice and to terminate your compensation and vesting of your stock option on the last day of your employment.

If you wish to accept this offer of employment, please sign in the space provided below. By so signing, you acknowledge that you have received no inducement or representations other than those set forth in this letter, which caused you to accept this offer of employment. Please return a signed copy, along with the Proprietary Information and Inventions Agreement attached as Exhibit A, to Sherry Chapman, Director of Human Resources.

Camillo, we are excited to have you to join our team and we look forward to a mutually beneficial association.

Sincerely,

ZORAN CORPORATION

/s/ Levy Gerzberg

Levy Gerzberg, Ph.D.
President & CEO

AGREED AND ACCEPTED:

/s/ Camillo Martino

Camillo Martino

8-21-01

Date

8-21-01

Start Date

ZORAN
PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

I recognize that Zoran Corporation, a Delaware Corporation, together with its subsidiaries (hereinafter collectively referred to as the "Company") is engaged in a continuous program of research, development, production and marketing respecting its business, present and future.

I understand that:

A. As part of my employment by the Company I am expected to make new contributions and inventions of value to the Company; and

B. My employment creates a relationship of confidence and trust between me and the Company with respect to any information:

(1) Applicable to the business of the Company; or

(2) Applicable to the business of any client or customer of the Company, which may be made known to me by the Company or by any client or customer of the Company, or learned by me during the period of my employment.

C. The Company possesses and will continue to possess information that has been created, discovered or developed, or has otherwise become known to the Company (including without limitation information created, discovered, developed or made known by or to me during the period of or arising out of my employment by the Company), which information has commercial value in the business in which the Company is engaged and is treated by the Company as confidential. All such information is hereinafter referred to as "Proprietary Information." By way of illustration, but not limitation, Proprietary Information includes trade secrets, processes, formulae, data, programs, know-how, improvements, discoveries, developments, designs, inventions, techniques, marketing plans, strategies, forecasts, new products, unpublished financial statements, budgets, projections, licenses, prices, costs and customer and supplier lists.

D. As used herein, the period of my employment includes any time in which I may be retained by the Company as a consultant.

In consideration of my employment or continued employment, as the case may be, and the compensation received by me from the Company from time to time, I HEREBY AGREE AS FOLLOWS:

Prior to entering the employ of the Company, I have terminated employment with one or more prior employers. I agree to indemnify and hold harmless the Company, its directors, officers and employees against any liabilities and expenses, including amounts paid in settlement, incurred by any of them in connection with any claim by any of my prior employers that the termination of my employment with such employer, my

employment by the Company, or use of any skills and knowledge by the Company is a violation of contract or law.

1. All Proprietary Information shall be the sole property of the Company and its assigns, and the Company and its assigns shall be the sole owner of all patents, copyrights and other rights in connection therewith. I hereby assign to the Company any rights I may have or acquire in all Proprietary Information. At all times, both during my employment by the Company and after its termination, I will keep in strictest confidence and trust all Proprietary Information, and I will not use or disclose any Proprietary Information, or anything relating to it without the written consent of the Company, except as may be necessary in the ordinary course of performing my duties as an employee of the Company.

2. I agree that during the period of my employment by the Company I will not, without the Company's express written consent, engage in any employment or business, other than for the Company.

3. In the event of the termination of my employment by me or by the Company for any reason, I will deliver to the Company all documents, notes, drawings, specification, programs, data and other material of any nature pertaining to my work with the Company and I will not take with me any of the foregoing, any reproduction of any of the foregoing or any Proprietary Information that is embodied in a tangible medium of expression.

I agree that for a period of one year following termination of my employment with the Company, I will not solicit or in any manner encourage employees of the Company to leave its employ. I further agree that during such period I will not offer or cause to be offered employment to any person who was employed by the Company at any time during the six months prior to the termination of my employment with the Company.

4. I will promptly disclose to the Company, or any persons designated by it, all discoveries, developments, designs, improvements, inventions, formulae, processes, techniques, programs, know-how and data, whether or not patentable or registrable under copyright or similar statutes, made or conceived or reduced to practice or learned by me, either alone or jointly with others, during the period of my employment that are related to or useful in the business of the Company, or result from tasks assigned to me by the Company, or result from use of premises owned, leased or contracted for by the Company (all such discoveries, developments, designs, improvements, inventions, formulae, processes, techniques, programs, know-how and data are hereinafter referred to as "Inventions"). I will also promptly disclose to the Company, and the Company hereby agrees to receive, all such disclosures in confidence, all other discoveries, developments, designs, improvements, inventions, formulae, processes, techniques, programs, know-how and data, whether or not patentable or registrable under copyright or similar statutes, made or conceived or reduced to practice or leaned by me, either alone or jointly with others, during the period of my employment for the purpose of determining whether they constitute "Inventions," as defined above.

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5. I agree that all Inventions shall be the sole property of the Company and its assigns, and the Company and its assigns shall be the sole owner of all patents, copyrights and other rights in connection therewith. I hereby assign to the Company any rights I may have or acquire in all Inventions. I further agree as to all such Inventions to assist the Company in every proper way (but at the Company's expense) to obtain and from time to time enforce patents, copyrights and other rights and protections relating to said Inventions in any and all countries, and to that end, I will execute all documents for use in applying for and obtaining such patents, copyrights and other rights and protections on any enforcing such Inventions, as the Company may desire, together with any assignments thereof to the Company or persons designated by it. My obligations to assist the company in obtaining and enforcing patents, copyrights and other rights and protections relating to said Inventions in any and all countries shall continue beyond the termination of my employment, but the Company shall compensate me at a reasonable rate after such termination for time actually spent by me at the Company's request on such assistance. In the event the Company is unable, after reasonable effort, to secure my signature on any document or documents needed to apply for or prosecute any patent, copyright, or other right or protection relating to an Invention, whether because of my physical or mental incapacity or for any other reason whatsoever, I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney-in-fact, to act for and in my behalf and stead to execute and file any such application or applications and to do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights, or similar protections thereon with the same legal force and effect as if executed by me.

Any provision in the Agreement requiring me to assign my rights in any invention does not apply to an invention that qualifies fully under the provisions of Section 2870 of the California Labor Code. That section provides that the requirement to assign

This Agreement shall be governed in all respects by the laws of the State of California, excluding its conflicts of laws rules.

Signature: _____ Dated: _____

Print Name: _____

ACCEPTED AND AGREED TO
ZORAN CORPORATION

By: _____ Date: _____

Print Name: _____ Title: _____

EXHIBIT A

Zoran Corporation
1390 Kifer Road
Sunnyvale, CA 94086

Gentlemen:

1. The following is a complete list of all inventions or improvements relevant to the subject matter of my employment by Zoran Corporation (the "Company") that have been made or conceived or first reduced to practice by me alone or jointly with others prior to my employment by the Company:

- No inventions or improvements
- See below:

- Additional sheets attached

2. I propose to bring to my employment the following materials and documents of a former employer that are not generally available to the public, which materials and documents may be used in my employment pursuant to the express written authorization of my former employer (a copy of which is attached hereto):

- No materials.
- See below:

- Additional Sheets attached.

Very truly yours,

Date: _____

Print Name: _____

Signature: _____

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14 OR 15D-14 OF THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Levy Gerzberg, certify that:

1. I have reviewed this report on Form 10-K of Zoran Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and
5. The registrant' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Dated: May 2, 2005

/s/ Levy Gerzberg

Levy Gerzberg
President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14 OR 15D-14 OF THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Karl Schneider, certify that:

1. I have reviewed this report on Form 10-K of Zoran Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and
5. The registrant' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Dated: May 2, 2005

/s/ Karl Schneider

Karl Schneider

Senior Vice President, Finance and

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Zoran Corporation (the "Company") on Form 10-K for the year ended December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Levy Gerzberg, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Zoran Corporation and will be retained by Zoran Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Levy Gerzberg

Levy Gerzberg
President and Chief Executive Officer

Dated: May 2, 2005

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Zoran Corporation (the "Company") on Form 10-K for the period ended December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Karl Schneider, Senior Vice President, Finance and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Zoran Corporation and will be retained by Zoran Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Karl Schneider

Karl Schneider
Senior Vice President, Finance and
Chief Financial Officer

Dated: May 2, 2005
